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Reagan Warns Conservatives Against Blocking IMF Funding

By Hobart Rowen
Washington Post Service

WASHINGTON — President Ronald Reagan on Tuesday bluntly warned conservative members of his Republican Party who threaten to block a \$8.4-billion appropriations bill for the International Monetary Fund that if they succeed, the consequences could be "an economic nightmare that could plague generations to come."

In an address to the opening session of a joint meeting of the IMF

The IMF and U.S. commercial banks agreed on an \$11-billion loan package for Brazil. Page 9.

The IMF's chief appealed for the United States to cut its budget deficits. Page 9.

and the World Bank, Mr. Reagan pushed hard for passage of the legislation.

"Let me make something very plain," he told an audience composed of the world's top bankers and financial officials. "I have an unbreakable commitment to increased funding for the IMF."

Failure by Congress to participate in a proposed 48-percent expansion of the IMF's capital would result in a withdrawal by other major nations, Mr. Reagan said, and the resulting "nightmare" would disrupt the world's trade and financial systems.

He called on Democrats and Republicans to lay aside their differences and to get on with the task in a spirit of true bipartisanship.

Mr. Reagan's plea did not go down well with Democrats on Capitol Hill, who have overwhelmingly supported the bill while the Republicans have been split down the middle.

House Speaker Thomas P. O'Neill Jr. of Massachusetts snapped that Mr. Reagan's speech to the group would not satisfy Democrats who "saved his bill" and then were subjected to "the most vicious political letter I have ever seen."

The letter, sent out by the Republican Congressional Campaign Committee, accused 20 Democrats of selling out to communism. The 20 had voted against an amendment that would have barred loans to communist nations.

Mr. O'Neill demanded again that Mr. Reagan write to Democrats who helped him thanking them "before IMF gets through this House."

Mr. Reagan's grim assessment of what would happen if Congress fails to pass the legislation was echoed in a separate address by the IMF's managing director, Jacques de Larosiere, who said such failure "quickly would cripple this institution," with "incalculable consequences for economic and financial stability worldwide."

In pressing Congress to pass the \$8.4 billion for the IMF, Mr. Reagan stressed that the money does not come out of the budget, but would be a loan.

Mr. Reagan said the U.S. also strongly supports the World Bank and made a brief appeal for funds to continue operations of the bank's International Development Agency. But he carefully avoided making a specific commitment to that program, scheduled to begin in mid-1984.

On that issue, the World Bank's president, A.W. Clausen, made an impassioned plea in his annual address to the joint meeting, saying that the U.S. and other major donors who have failed to agree must quickly make a decision "at the political level" or risk "a hiatus" in IDA operations.

Aid Agency Seeks Funds

The International Finance Corporation, which works with private business in poor countries, is asking \$750 million from the United States and about 120 other governments. The Associated Press reported from Washington.



Chinese soldiers marching with targets to show their marksmanship to visiting Defense Secretary Caspar W. Weinberger during a military display outside Beijing on Tuesday.

Weinberger, Zhao See Warmer Ties But Firm Accords Appear Doubtful

By Fred Hiatt
Washington Post Service

BEIJING — U.S. Defense Secretary Caspar W. Weinberger and Prime Minister Zhao Ziyang of China both proclaimed a new warmth in U.S.-Chinese relations Tuesday night, but it remained unclear what specific agreements would emerge from Mr. Weinberger's current visit here.

Speaking at a news conference, Mr. Zhao said there has been "a trend for the better in Chinese-U.S. relations recently." He said he hopes to visit the United States next spring.

Mr. Weinberger toasted his Chinese hosts at a banquet on his final night in Beijing by saying that three days of talks had "set the stage for a greater degree of cooperation than in the past." Wednesday, Mr. Weinberger will meet with the Communist Party chairman, Deng Xiaoping, and then will travel to Xian and Shanghai to inspect military installations there.

Neither side claimed to have achieved anything more than general good feelings, however, and Mr. Zhao threw some cool water on several of the U.S. delegation's long-range goals. The Chinese official said China has no desire for strategic cooperation with the United States, is unlikely to buy many American weapons and has no plans to exchange military teams for training.

In addition, Mr. Zhao complained about U.S. arms sales to Taiwan, a sore point that Pentagon officials had hoped would not be raised during this trip. His comments on the subject were comparatively restrained, however, and officials here took heart that Mr. Weinberger's counterpart, Defense Minister Zhang Aiping, never mentioned Taiwan.

While it appeared improbable China would purchase major U.S. weapons, it was unclear whether an agreement for smaller purchases or possible transfer of dual-use high technology would be worked out by U.S. and Chinese working groups or formalized by Mr. Weinberger and Mr. Deng on Wednesday.

Mr. Weinberger arrived in Beijing Sunday, the first American defense secretary to tour China since Harold Brown in 1980, hoping to forge new military ties and accelerate the thaw in relations that began several months ago after two years of discord. Although he tried not to raise expectations that any deals

would be cut during his visit, Mr. Weinberger came prepared to discuss weapons sales, technology transfer and exchanges of military personnel to compare notes on military medicine, training and logistics.

But Mr. Zhao held out little hope that the two countries would create significant military ties soon.

"Naturally, if the U.S. side is willing to sell military equipment to China and if we have the need and the ability to buy military equipment from the U.S., I would not exclude such a possibility," Mr. Zhao said. "But it would be inconceivable for a big nation like China to bring about its modernization of military defense by buying military equipment from foreign countries."

Rather than weapons and military aid, the Chinese have seemed most interested in the easing of export restrictions on sophisticated technology, which the United States announced in principle several months ago. Mr. Zhao said the new guidelines would be a symbol of "mutual confidence and trust."

But the prime minister also made clear that questions remain about the guidelines, which were supposed to have been published days ago but still have not been released.

Mr. Weinberger saw the absence of such technology firsthand Tuesday morning when he watched a military exercise at the 34 Division of the Beijing Garrison of the People's Liberation Army about 45 miles (72.5 kilometers) east of the capital.



In a show of displeasure, Soviet diplomats left a seat vacant for absent Foreign Minister Andrei A. Gromyko at the United Nations session Monday. Mr. Gromyko refused to attend the session after commercial U.S. airports put a ban on Aeroflot flights. At left is the Soviet ambassador to Washington, Anatoli F. Dobrynin; on his left is Moscow's chief UN delegate, Oleg A. Troyanovsky. The Russians also declined to applaud after President Reagan's speech.

The Chinese Army: An Obsolete Military Giant Beijing Seeking to Forge Modern Fighting Force With Little Foreign Help

By Christopher S. Wren
New York Times Service

BEIJING — When Secretary of Defense Caspar W. Weinberger arrived in China on Sunday for a five-day official visit, he was introduced to an army that was at one time considered the world's best light infantry but has been overtaken by progress.

China's People's Liberation Army, with more than 4.2 million men under arms, is largely obsolete, lacking sophisticated anti-tank and anti-aircraft missiles and electronic communications gear, among other modern necessities.

The army, which was born as a guerrilla band 56 years ago, remains mired in its traditional dual role of defending the country and "serving the people," as the old Maoist slogan put it. Its soldiers still routinely fix roads, plant trees, raise pigs and harvest rice. Yin Qunli, the army's political commissar, said recently that the armed forces had contributed 100 million work days of public service over the last four years.

Yet an effort has now begun to transform the army into a more modern fighting machine. "The PLA is no longer in the era of millet plus rifles," a commentary in the newspaper, People's Daily, said last May.

Mr. Weinberger was scheduled on Tuesday to visit the elite 3d Division of the Beijing Garrison, and two days later he is to visit an aircraft factory in Xian and inspect a naval vessel in Shanghai. On Monday, the secretary of defense told the Chinese that the United States had approved the sale to China of 43 items of high technology, including some that can be applied to air defense and early warning systems.

Washington's offer, made two years ago, to consider Chinese requests for U.S. weapons remains open, although some Western military observers here doubt that the Chinese will pre-

sent Mr. Weinberger with a specific shopping list for two reasons.

The Chinese leadership is thought to be concerned that its purchase of American arms might give the Reagan administration a pretext to sell more weapons to the rival Nationalist regime on Taiwan. But China is also too poor to re-equip the world's largest army with foreign weapons. Commissar Yin was quoted by The Beijing Review in August as saying:

"We have never pinned our hopes for modernizing our military equipment on imports. China is a big country with a big army. We cannot afford to buy all the weapons we need. Even if we could afford it, it is hard to acquire really advanced weapons of important military value."

The Chinese seem interested in acquiring small quantities of foreign arms that could become prototypes for eventual weapons of Chinese manufacture. The chief of staff, Yang Dezhi, assured army delegates to the National People's Congress in June that "we will mainly rely on our own efforts to improve our weapons and equipment while introducing advanced techniques from other countries."

Statements by Chinese military leaders, articles in the official press and analyses by Beijing-based diplomats and military attaches indicate that the problem of modernization of the army extends beyond arms alone to basic tactics and leadership competence.

The army's arsenal consists of copies of Soviet weapons mostly predating 1960, when the Soviet Union stopped its military and economic assistance to China. Light weapons like the Chinese version of the Kalashnikov assault rifle are highly enough regarded to make China a major arms seller to developing countries.

But heavier equipment is badly out of date.

As some Chinese officers describe it, this means combining fixed defensive positions with mobile forces for counterattacks and guerrillas for harassment behind enemy lines. Wu Xinquan, head of Beijing's Institute of International Strategic Studies, told visiting American members of Congress in August that China was

combating aircraft that go back to the MiG-15 of Korean War days. Its more modern Shenyang jet fighters, painstakingly updated from the MiG-19 and MiG-21, were described by one U.S. analyst as "the world's most advanced obsolete aircraft."

China has obtained some MiG-23s from Egypt to copy, and its version is now believed to be in production. But even this new plane is no match for supersonic fighters like the Soviet MiG-25 or the American F-16.

The Chinese T-59 tank is likewise copied from the old Soviet T-55. A newer Chinese model, the T-69, has a gun stabilizer for high-speed firing, infrared searchlights and a laser range finder, but it remains inferior to the T-72 that spearheads Soviet armored units.

The Chinese Army still basically moves on foot. Of the 200 or more divisions it is estimated to have, only 11 are armored and three are airborne. The Chinese have mechanized three to five infantry divisions, although it is unclear whether all their battalions are included.

A military attaché from a North Atlantic Treaty Organization country who has watched Chinese ground tactics said, "It is just like World War I with trenches." The Chinese Army is now trying to transform its old strategy of static defense, which is vulnerable to armored and airborne assault, into what its daily newspaper has called an "active defense."

As some Chinese officers describe it, this means combining fixed defensive positions with mobile forces for counterattacks and guerrillas for harassment behind enemy lines. Wu Xinquan, head of Beijing's Institute of International Strategic Studies, told visiting American members of Congress in August that China was

Britain Admits Security Was Lax at Maze Prison

Compiled by Our Staff From Dispatches

BELFAST — The Northern Ireland Security Forces have admitted that the security at the Maze prison, which was breached last week, was lax.

The security forces passed through several unlocked gates and that seven watchtowers were unmanned during the breakout.

James Prior, Britain's Northern Ireland secretary, said that there were 12 breaches of security Sunday when 38 IRA members shot their way out of the Maze, leaving one guard dead and six wounded.

The police said Tuesday night that they had caught two more of the escapees, leaving 19 still at large.

One of the two men captured was Hugh Corey, regarded by the authorities as one of the most dangerous of the IRA gunmen. Mr. Corey, 27, serving a life sentence for the murder of a part-time soldier, was described at his trial as the IRA commander in Londonderry, the second largest city in the province.

The police caught Mr. Corey and another escapee in an isolated house in County Down, 30 miles (50 kilometers) from the prison.

Fifteen of the escapees were recaptured within hours of the breakout. Some of the men were found under water in the nearby Lagan River, naked and breathing through hollow reeds growing on the riverbed. Two men were picked up Monday.

Police sources said before the two escapees were captured Tuesday night that they believed that all the remaining men were trapped within a three-mile (five-kilometer) radius of the prison that was cordoned off immediately after the escape. Thousands of policemen and troops were taking part in the biggest manhunt in British history.

A guard at the prison, which is

just south of Belfast, said that security was so lax that it "leaked like a sieve."

British sources also revealed that the elite Special Air Service had breached security at the Maze during a training course. A source said the soldiers "had been told to get to certain points inside the prison without being detected. They did it at least 10 times."

The Northern Ireland Office also said the main prison gate was open at the time of the mass escape, which Prime Minister Margaret Thatcher called the "gravest in our prison history."

"It is supposed to be the most secure prison in Britain," said a prison guard who asked not to be identified, "and yet you could get anything in there."

The security disclosures came just hours after a crowd drove Patrick Gilmore, the father of an IRA informer, Raymond Gilmore, from his home in Londonderry. He had been released Monday after being held for 10 months by IRA kidnappers.

Mr. Gilmore, 62, went into hiding with some of his family after his house was pelted with bricks and stones by angry relatives of some of the 40 men arrested on the testimony of his son.

In an interview with BBC radio, Mr. Gilmore said the IRA did not abuse him during his captivity.

He said: "I wasn't abused. I wasn't tied. I was getting well fed. I had a television of my own. I also got the daily papers."

Mr. Gilmore said he thought his 23-year-old son was a "coward" for informing on his former IRA associates.

"We don't like what he has done any more than anybody else," Mr. Gilmore said. "There are some in my family, if they had him, they would kill him."

E. Germany Said to Dismantle Arms

The Associated Press

BERLIN — East Germany is dismantling weapons that fire automatically at trespassers along its frontier in a move to ease relations with West Germany, West German television reported Tuesday night.

The report followed an announcement by the East German government that it was passing rules on family reunification and dropping currency exchange requirements for children visiting from the West.

The television report said the West German Interior Ministry confirmed that East German soldiers had been observed dismantling some of the weapons mounted on fences along the Lower Saxony border.

West Berlin's mayor, Richard von Weizsäcker, told reporters earlier Tuesday that the East German leader, Erich Honecker, informed him during a Sept. 15 meeting that the weapons would be dismantled.

dismantling would begin or how many of the estimated 54,000 weapons reinforcing parts of the 854-mile (1,378-kilometer) border with West Germany would be torn down.

There was no official word from East Germany about dismantling the weapons.

The West German government greeted the East German moves with minimal enthusiasm, calling them inadequate but "a step in the right direction."

Triggered by tripwires, the shotgun-like weapons spray victims with shrapnel.

The Working Group of Aug. 13, a rightist organization in West Berlin, says the weapons cover 260 miles of the frontier and have killed nine people since the Berlin Wall was built on Aug. 13, 1961.

For every person killed by one of those things, another 30 are seriously wounded," the group's director, Dr. Rainer Hildebrandt, said Tuesday night.

Chancellor Helmut Kohl of West Germany told a meeting of

his party deputies in Bonn that the East Germans had taken "a first step in the right direction" toward improving relations between the two German nations.

East Germany also reinforces its frontier with armed guards, attack dogs, land mines, barbed wire and tank traps.

A West German government spokesman, Peter Bornsch, hinted that Bonn might have been disappointed with the East German gesture, saying it "doesn't meet all our expectations."

Last summer, Bonn approved a \$370-million loan to East Germany to encourage easing of restrictions, which West Germany maintains discourage Westerners from visiting the Communist state.

Such visits have fallen sharply since 1980, when East Germany doubled to 25 marks, the equivalent of about \$9, the amount of Western currency that adult visitors must exchange daily into East German marks. Children under 6

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■ President Reagan is leaving it up to James G. Watt himself whether to resign as secretary of the interior. Page 3.

■ The latest round in the barrage of insults against the United Nations was fired by Mayor Edward Koch of New York City. Page 5.

■ Southern Pacific and Santa Fe Industries announced a merger that is valued at \$5.2 billion. Page 9.

■ Hong Kong's currency will not be linked to the U.S. dollar, the colony's financial secretary said. Page 9.

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Philippine Business Leaders Assail Media for Aquino Coverage

By William Chapman
Washington Post Service

MANILA — Philippine business leaders strongly criticized the country's news media Tuesday for its coverage of events that began with the murder of Benigno S. Aquino Jr.

"The Philippine media are scared of telling the truth or have been bribed," said Enrique Zobel, an influential banker and industrialist and critic of President Ferdinand E. Marcos. "We have no respect for the Philippine media."

Another business leader, Vicente Jayme, called on his colleagues to bring pressure on the press by boycotts and withholding advertising and suggested some papers could be bought up and run under new ownership.

The assault on the press came two days after Mr. Marcos had threatened to track down and prosecute businessmen who took part in demonstrations against the government. Mr. Zobel's Ayala Founda-

tion was specifically mentioned by Mr. Marcos.

The country's media have frequently been accused of being deferential to the government and the Marcos family, but the criticism has risen in volume since the murder of Mr. Aquino, the opposition leader.

Until the past few days, newspapers and television have presented little information that differs from the government's version of the assassination, which is that Mr. Aquino was shot Aug. 21 by a hired gunman who was then killed by security guards.

There is a widespread belief that persons in Marcos's government may have been responsible for the murder, but little of that point of view has appeared in the media.

Of the three major Manila newspapers, one, The Times Journal, is controlled by the family of Imelda Marcos, the president's wife and a cabinet minister.

What most angered people who are either anti-Marcos or usually

nonpolitical was the coverage given to Mr. Aquino's funeral. Hundreds of thousands of sympathizers marched through Manila for his funeral, but it received scant attention in the media.

The city's largest television station, which is owned by the government, gave only a brief account of the huge funeral cortege and devoted more time to the difficulty participants had in finding buses to return to their homes.

Many people have begun boycotting the newspapers, and a variety of small tabloids have sprung up and enjoyed brisk sales. Some of them print foreign news stories and excerpts from U.S. news magazines.

In the past week or so, coverage has been notably more balanced. One newspaper gave extensive coverage to the New York news conference of a Japanese journalist who insists that government security men killed Mr. Aquino.

Several columnists have recently

printed questions about the government's version of the killing and other events. One paper reported that authorities used gunfire to break up a violent demonstration Sept. 21, although Mr. Marcos had claimed in a television interview that no guns were used by police.

The businessmen's assault on the media Tuesday came at the meeting of a business club in Makati, the city's financial center where several recent anti-Marcos demonstrations have incurred the wrath of the president.

Hans Menzi, publisher of the Bulletin Today newspaper, attempted to defend the press during the meeting, after some in the crowd of about 500 persons booed him. Mr. Menzi acknowledged "shortcomings" in the post-assassination coverage but said his newspaper had carried stories depicting both points of view.

Mr. Menzi reminded the audience of the media's difficulty in surviving under martial law, from 1972 to 1981. He said the press then

Army-Moslem Clashes Mar Truce in Lebanon

Compiled by Our Staff From Dispatches

BEIRUT — The Lebanese Army exchanged fire with Moslem snipers in Beirut Tuesday despite the cease-fire that went into effect Monday. The army said the Moslem militias were exploiting the truce to rearm.

Government soldiers shot back at the snipers in the Shiite Moslem Chayeh district of southern Beirut, wounding "several" gunmen, an army communiqué said.

A spokesman for the Italian contingent of the multinational force said one of its soldiers had been wounded. Several Italian positions in the capital are near Lebanese Army posts that came under sniper fire.

The army accused the Druze and Shiite militias of using the cease-fire to reinforce their positions facing government troops in the central mountains. The army accusation coincided with reports in the Lebanese press that the Druze militiamen considered the truce to be only temporary.

The state-run Beirut Radio announced formation of a committee composed of army officials and representatives of Christian, Druze and Shiite militias.

The committee was supposed to meet Tuesday at the Defense Ministry in suburban Yaze outside Beirut, the radio said. But a source in the Shiite militia, Amal, said the parties could not agree on the location and security guarantees, so the conference was delayed by at least one day.

U.S. officials have stressed what they call the importance of dispatching observers to the mountain front lines if the cease-fire is to be maintained and a conference of national reconciliation among the feuding political factions can begin.

Beirut newspapers reported that the secretary-general of the United Nations, Javier Pérez de Cuellar, had contacted President Amin Gemayel of Lebanon and President Hafez al-Assad of Syria about formation of the monitoring force.

General Franco Angioni, commander of the Italian contingent of the multinational force, said the Beirut government had asked Italy to provide up to 250 additional troops to monitor the cease-fire.

(Numerous charges of massacres were made during the recent heavy fighting in the mountains, but confirming them is difficult. Story on Page 7.)

Near Tripoli, Palestinian guerrillas exchanged artillery fire with Syrian forces in northern Lebanon after a fierce inter-Palestinian clash in a refugee camp.

Lebanese security officials said guerrillas in the Bekdaoui camp, just north of the town, exchanged shellfire with Syrian troops in the village of Rawda, east of the camp.

The officials did not give details, but the Palestinian fire was widely thought to be from guerrillas loyal to Yasser Arafat.

Earlier, pro- and anti-Arafat guerrillas fought a fierce battle in the Bekdaoui camp, and the anti-Arafat side said 17 of its men had been killed. The fighting appeared to be for positions held by the Libyan-backed, anti-Arafat Popular Front for the Liberation of Palestine-General Command.

In Damascus, a statement from the command accused Arafat supporters of launching an attack and directly blamed Mr. Arafat and his deputy, Khalil al-Wazir (Abu Jihad).

U.S. Ship Barred
Greece has barred a U.S. Navy vessel from entering the Aegean Sea at Souda Bay on Crete on the ground that it was transporting arms to Lebanon, a government spokesman said Tuesday, according to The New York Times. He said the ban was in keeping with Greece's policy of "noninvolvement in any way in the civil war in Lebanon."

Basic Difference on Nuclear Balance Left Unresolved by Reagan Proposals

By Bernard Gwertzman
New York Times Service

UNITED NATIONS, New York — The latest proposals on curbing medium-range nuclear-armed missiles and bombers that President Ronald Reagan outlined to the UN General Assembly on Monday seem to meet some previous Soviet objections. But Mr. Reagan's speech left unresolved a fundamental difference in perception between East and West over the nuclear balance in Europe that continues to make the achieving of an accord very elusive.

The allied governments, because of what they perceive as a growing Soviet nuclear advantage in Europe, have committed themselves to starting deployment in December

of the first 41 of 572 new U.S. missiles to offset the purported Soviet lead. They say they will install the rest of the missiles over the next three years unless Moscow agrees in the meantime either to abolish

all such missiles or to cut back its missile force to levels that will produce Soviet-American parity.

Mr. Reagan, in his speech Monday, stressed that those plans will go ahead. The proposals he announced were aimed at showing flexibility without upsetting the NATO deployment schedule.

In an effort to provide an additional incentive to Moscow, he indicated that the United States was now ready to allow the Soviet

Union to have more medium-range missiles deployed in Europe and Asia than it would install in Western Europe, so long as the United States had the right to store the difference in number in the United States or some place else.

He also said the United States would be willing to accept a Soviet proposal that "nuclear-capable" medium-range bombers be included in the negotiations. Further, Mr. Reagan reaffirmed that the United States, if an agreement was reached, would cut back on both Pershing-2 ballistic missiles and cruise missiles.

The Soviet Union has already scoffed publicly at the latest modifications, which were submitted formally last week at the arms talks in Geneva, because they do not meet Moscow's central demand that the new U.S. missiles should not be deployed. It insists that there already exists a nuclear balance in Europe because of the presence there of 162 British and French missiles, as well as an older U.S. Pershing missile system.

Moscow contends that the new U.S. missiles would give the West a decided advantage. It also asserts that it has shown flexibility by being willing to cut its forces to a level commensurate with the British and French missiles — a proposal that has been rejected by the North Atlantic Treaty Organization.

Throughout the 1960s and into the 1970s, the United States and the Soviet Union each had an assortment of tactical, or battlefield, nuclear weapons in Europe that were of little concern to arms control experts, who were focusing then on efforts to achieve agreements in field of intercontinental missiles and bombers.

In 1977, then Chancellor Helmut Schmidt of West Germany called for an allied response to the construction in the Soviet Union of a new ballistic missile launcher, which carried three warheads, was easily transported, had a range of about 3,000 miles (4,848 kilometers) and was more accurate than the older Soviet SS-4 and SS-5 missiles. This new missile was called the SS-20 by NATO and it has been at the center of the dispute ever since.

There are now 351 SS-20s deployed in the Soviet Union, 243 aimed at targets in Western Europe and 108 at targets in the Far East, principally China.

Mr. Reagan was still insisting in March that the United States be permitted to deploy in Europe the same number of missile warheads as the Soviet Union would have in both Europe and Asia. This was because the SS-20 is mobile and, theoretically, could be moved from Asia to Europe, upsetting any agreement.

On Monday, Mr. Reagan altered that proposal to say that the United States would be willing to promise not to deploy in Europe as many missile warheads as the Russians had in Europe and Asia, but to "retain the right" to deploy the difference elsewhere.



The Lebanese Druze leader, Walid Jumblatt, left, conferred with militia fighters in a visit to Chuf mountains Tuesday.

Voters in Kenya Defeat Government Officials

Compiled by Our Staff From Dispatches

NAIROBI — At least five cabinet ministers and eight junior members of the Kenyan government were defeated in Monday's general elections, according to official results announced Tuesday.

Kenyan voters have a habit of rejecting almost half of the incumbents and that trend appeared to be continuing as results trickled in.

According to an unofficial count late Tuesday, 30 of the 73 incumbents seeking re-election had been defeated.

The elections were called a year early by President Daniel Arap Moi, who dissolved the National Assembly in June in order, he said, to purge the government of disloyal elements.

The list of defeated officials included Godfrey Karuki, the minister of lands and a 20-year veteran of the parliament; John Okwangyo, the minister of commerce; J.J. Kamotho, the minister of higher education; Truus Mbatia, the labor minister; and Munya Waiyaki, the agriculture minister.

Which government policy and performance has been sharply criticized by labor unions and voters. Eleven cabinet ministers, including Finance Minister Arthur Mungu and Foreign Minister Robert Ouko, were returned with heavy majorities. The culture and social services minister, Stanley Oloti, was also re-elected.

The elections followed an at-

tempted coup in August 1982 that left 129 people dead and the dismissal earlier this year of the constitutional affairs minister, Charles Njonjo.

Mr. Njonjo, once one of the three most powerful politicians in Kenya along with Mr. Moi and Vice President Mwai Kibaki, was dismissed from his post amid accusations that he was plotting with a foreign power to overthrow Mr. Moi. Despite the allegations, no criminal charges have been brought against Mr. Njonjo.

Mr. Moi and Mr. Kibaki were returned to office without opposition last month.

Election officials described the turnout of voters as poor, with less than 50 percent of the 7.2 million registered voters taking part.

All of the nearly 900 candidates running for the assembly's 158 seats were approved before the election by the Kenya African National Union. Kenya is a one-party state but competition for parliamentary seats is intense among rival members of the union.

Among the most notable candidates who failed to retain their seats was the assistant minister of state in the president's office, John Keen, widely regarded as one of Mr. Moi's closest advisers.

Under Kenyan law, only members of parliament can be made ministers, so the defeat of the cabinet members means they must surrender their portfolios.

Search for KAL Recorders Narrows In Sea of Japan, U.S. Navy Reports

Washington Post Service

WASHINGTON — U.S. Navy officials said Tuesday that the search for two black boxes containing in-flight data recorders of the downed South Korean jetliner had been narrowed to a 15-square-mile (42-square-kilometer) area about 20 miles (32 kilometers) west-northwest of the island of Moneron in the Sea of Japan.

More than a week ago, the search area had been 3,000 square miles. Both U.S. and Soviet vessels have been combing a wide area near Sakhalin Island to find the wreckage and the recorders, which may contain clues to why Korean Air Lines Flight 747 strayed hundreds of miles into Soviet airspace before being shot down by Soviet jet fighters Sept. 1.

Both navy and State Department officials said, however, that the jet wreckage containing the recorders still had not been found. They denied recurring reports in the Japanese press that U.S. Navy vessels searching for the debris had located the black boxes.

Navy officials also said that a number of officials of the International Civil Aviation Organization had arrived in the region and were taken aboard U.S. Navy search vessels as impartial observers to witness any recovery operations that might take place. The idea is to have those officials on the scene so that if the black boxes are recovered, there will be no charges that they were tampered with.

Reports Claim East Germany Removes Some Border Arms

(Continued from Page 1)

were exempted, but those from 6 to 14 had to exchange 7.5 marks a day.

The original exchange rules were aimed at securing the Western currency that East Germany badly needs.

The decision to exempt children up to 14 from the exchange rules was announced by the East German news agency, ADN, which quoted the head of the Foreign Ministry's press office, Wolfgang Meyer.

A separate decree on "regulations on questions of family reunions" and marriages between East Germans and foreigners was published Tuesday in the official law gazette.

The decree, which takes effect Oct. 15, said East Germans would be permitted to marry foreigners or move to the West. But Western sources said the decree apparently only codified existing practices

used by authorities to restrict marriages and emigration.

East Germany has allowed only a relatively small number of its citizens to leave the country or to marry foreigners.

China Wants Modern Army

(Continued from Page 1)

also prepared to use nuclear weapons against an invader.

One of the toughest challenges is to reorganize the upper echelons of the army, which have been dominated by aging guerrilla veterans too conservative to accept change. A plan to reform military ranks, which was abolished in 1965, has yet to be put into effect, partly because there would be so many elderly generals.

The military has ranked last in China's "four modernizations" campaign, behind industry, agriculture and science and technology. The army's military budget this year has been put at 17.37 billion yuan, less than \$9 billion, which is about the same as those of the last two years, although some programs like nuclear weapons and missile development have been tucked away in the budgets of ostensibly civilian ministries.

China's leader, Deng Xiaoping, has reportedly persuaded the army leadership to accept this low priority, arguing that industrialization will create a base for the domestic production of sophisticated weapons.

West German Minister Backs EC Milk Quotas

Reuters

BONN — West Germany's farm minister, Ignaz Kiechle, has said that a quota system for controlling European Community milk surpluses is the only option that has a chance of receiving support among the 10 member states.

Last week Irish Prime Minister Garret FitzGerald indicated Ireland would block a levy on excess milk output, a key part of the community's farm reform plans.

WORLD BRIEFS

6 in South Africa Acquitted in Deaths

JOHANNESBURG (UPI) — Six prison guards were acquitted Tuesday of murder and manslaughter but were found guilty of assault after beating and overworking black prisoners, three of whom died. The case has raised a public storm because of a 24-year-old law that prevents public disclosure of anything that happens in prison unless it is confirmed by the prison authorities or is revealed in a court case.

Evidence was that the guards, four white and two black, took the convicts, some of whom were unfit, sick or crippled, from the prison in the eastern Transvaal town of Barberton to a prison farm where they beat and overworked them in heat of 95 degrees Fahrenheit (35 degrees centigrade). Thirty-four collapsed from injuries and heat exhaustion and three died.

The prosecutor, S.A. Engelbrecht, did not press the murder charges, saying he could not prove intent to kill. Judge D.O. Vermooten acquitted the guards of murder, which carries the death penalty, and manslaughter, but found them guilty of assault. Sentencing was postponed until Wednesday. Two other black guards were acquitted of all charges because of lack of evidence.

Nicaragua Recaptures Border Town

PUENTE RIO TAPACALE, Nicaragua (AP) — Government troops backed by militias retook on Tuesday the Nicaraguan border town of El Espino, which had been seized by Honduran-based rebels after a fierce mortar and artillery battle.

El Espino, 156 miles (243 kilometers) north of Managua, the capital, is on the Pan American Highway and is the principal crossing point on the border between Honduras and Nicaragua. Honduran-based Nicaraguan exiles seized El Espino late Monday, killing an unknown number of soldiers and forcing the town's 2,500 residents to flee.

In Managua, the Foreign Ministry said the rebels were supported by Honduran Army artillery, calling it "an act of aggression." The attack on El Espino is part of a new 2,000-rebel offensive to overthrow Nicaragua's leftist Sandinist government.

Salvadoran Jets Said to Kill Civilians

SAN SALVADOR (UPI) — Salvadoran military jets dropped 500-pound (226-kilogram) bombs on a guerrilla-controlled town, killing at least 18 civilians and wounding others, without dialoguing the rebels, witnesses said Tuesday.

The assault Sunday on Tenancingo, 17 miles (28 kilometers) northeast of San Salvador, was apparently aimed at dialoguing the guerrillas from the town, which lies on a strategic corridor used to supply a major leftist rebel stronghold. Doctors in Cojutepeque, about five miles south of Tenancingo, said they treated 31 civilians wounded in the fighting, including seven who sustained "fractures by explosions" in the bombing.

Journalists who reached Tenancingo said they saw the bodies of 10 soldiers and 42 who had suffered wounds that appeared to be from the bombing. The wounded soldiers were held prisoner by guerrillas in a church.

Spanish Bishop Assails Ban on Texts

MADRID (Reuters) — A decision by Spain's Socialist government to ban two religious texts condemning abortion was the most serious attack on the Spanish church this century, a bishop was quoted Tuesday as saying.

José Guerra Campos, bishop of Cuenca, said in the rightist newspaper El Alcázar that the church had suffered leftist persecution during the 1936-39 civil war. But no one had dared to try to interfere with the church's doctrine. "This is the most serious attack against the church committed so far this century," El Alcázar quoted the bishop as saying.

Church leaders have accused the government of ideological prejudice after it refused to authorize the two catechisms as school texts "on the ground that they were unsuitable." An Education Ministry spokesman said Tuesday the refusal to authorize the texts was a purely educational matter. "There is no ideological war," he said.

Poland Rejects Crosses in Schools

WARSAW (AP) — The Polish government rejected a plea Tuesday from the Roman Catholic Church to halt the removal of Christian crosses from state schools.

"No effort to force religious emblems on minorities will be permitted," the government spokesman, Jerzy Urban, said at a news conference. Ninety percent of Poland's 36 million people are Roman Catholics.

Poland's bishops complained last Thursday that the government was violating earlier promises by removing crosses from the walls of schools and other buildings. Crosses were placed in schools, hospitals and factories during 1980 and 1981, the years when the outlawed labor union Solidarity operated legally.

Walesa Alleged to Have \$1 Million

WARSAW (UPI) — Polish television charged Tuesday that Lech Walesa, the former Solidarity union leader, had \$1 million in the West that he wanted to stash away in the Vatican bank with the help of the pope. Mr. Walesa denied the allegation.

A special 30-minute documentary titled "Money," shown during prime time, played a tape recording said to be of a conversation between Mr. Walesa and his brother Stanislaw on Sept. 20, 1982, when Mr. Walesa was under arrest. The scratchy recording purported to show that Mr. Walesa spoke of putting \$1 million given him by foreign well-wishers in prizes and gifts into the Vatican bank.

According to the recording, Mr. Walesa told his brother: "If you go to the pope, I'll say that he is to receive you and arrange it for you." Mr. Walesa said from his Gdansk apartment after the program: "My brother Stanislaw has made a statement that there was no such recording. I am not getting involved in polemics about it."

Irish Parties Urge President to Stay

DUBLIN (AP) — Ireland's three main political party leaders asked President Patrick J. Hillery on Tuesday to stay in office for another seven years rather than face the nation to the polls in December.

Prime Minister Garret FitzGerald, Deputy Prime Minister Dick Spring and the opposition leader, Charles Haughey, urged Dr. Hillery to go forward for a second seven-year term as the agreed candidate for president.

Close presidential aides have said that Dr. Hillery, 60, is anxious to drop out of public life when his current term expires in December and he has not made any statements to end current speculation about his plans.

4 Reported to Die in Pakistan Clashes

ISLAMABAD, Pakistan (Reuters) — Tension mounted in Pakistan's Sind province Tuesday as four people died, a bomb exploded and police rounded up opposition leaders before controversial local elections on Thursday, opposition sources said.

The sources said three people died and 13 were injured when a crowd of opposition supporters exchanged gunfire with police trying to inspect a polling station at Khairpur in northern Sind. Police confirmed that a policeman died in the clash.

Another policeman was killed and two were wounded in an ambush near Jamshoro, they added.

The opposition has called for a boycott of the polls because political parties are banned from contesting them. The Movement for Restoration of Democracy, which launched a civil disobedience drive against President Mohammed Zia ul-Haq on Aug. 14, said the military government had rounded up more than 350 people in central Sind to keep them from upsetting the elections.

Shamir-Peres Talks Fail to Progress

TEL AVIV (AP) — Israel's prime minister-designate, Yitzhak Shamir, and the opposition leader, Shimon Peres, reportedly made no progress Tuesday in their second meeting to gauge whether they share enough common ground to establish a government of national unity.

Mr. Peres left the three-hour meeting in Mr. Shamir's Jerusalem office saying "basic differences of opinion remain," Israel Radio reported.

As in talks Monday, the main stumbling-block remained Jewish settlements in the West Bank, the radio reported Mr. Peres as saying. However, the two sides agreed to meet again before the end of the week.

For the Record

The canonization of 93 Korean and 10 French Catholics who were martyred in Korea more than 100 years ago was given final approval Tuesday by a special consistory of cardinals and bishops at the Vatican (AP).

Supporters of Zimbabwe's prime minister, Robert Mugabe, demonstrated outside the British High Commission in Harare Tuesday to support his charge that Britain was interfering in Zimbabwe's affairs. The British have been seeking the release of three white air force officers who were acquitted of sabotaging 13 warplanes (UPI).

Soviet and U.S. negotiators, discussing the limiting of medium-range nuclear missiles in Europe, met Tuesday at the Soviet Mission in Geneva, the U.S. Mission said (AP).

An Irish soldier, Private Michael McAlevey, was sentenced Tuesday in Curragh to life in prison for killing three fellow soldiers while on peacekeeping duty in Lebanon last year (AP).

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Election Results Seen As a Setback for Kohl

Voters in Hesse and Bremen Showed Continuing Concern Over Economy

By Henry Tanner

BERLIN — The unexpected losses that Chancellor Helmut Kohl's Christian Democrats suffered in two regional elections Sunday in the federal states of Hesse and Bremen went beyond the "national" setback that a new federal govern-

ment usually suffers after a national election, many political commentators say. But the results cemented rather than weakened the ruling coalition between Mr. Kohl's party and the Free Democrats of Foreign Minister Hans-Dietrich Genscher because the latter were saved from a devastating defeat in Hesse only because the bigger coalition party supported their candidates at the expense of its own.

NEWS ANALYSIS

ment usually suffers after a national election, many political commentators say.

But the results cemented rather than weakened the ruling coalition between Mr. Kohl's party and the Free Democrats of Foreign Minister Hans-Dietrich Genscher because the latter were saved from a devastating defeat in Hesse only because the bigger coalition party supported their candidates at the expense of its own.

After their defeat in the March national election, the Social Democrats conceded that the electorate had turned to the Christian Democrats largely because it had come to the conclusion that the center right with its belief in the market economy was better equipped than the socialist left to cope with the country's economic problems, including un-

employment. The two regional elections now are taken as evidence that many voters have had second thoughts.

The victory of the Social Democrats in the city state of Bremen is held particularly significant.

Bremen has the highest unemployment rate of any federal state, 13.4 percent. Together with Hamburg, its neighbor to the northeast, it has most deeply suffered from the collapse of the German shipbuilding industry.

A few weeks ago, a decision was made to close down its oldest and best equipped shipyard, Weser, with the resulting loss of jobs for 2,000 workers. The workers then occupied the plant.



Holger Börner, the victorious Social Democratic candidate for governor of the state of Hesse, displayed his pleasure over his party's showing in the parliamentary elections.

national government, under Mr. Kohl's argument that all its appeals for greater financial contributions by the federal government to the cost of restructuring of the shipyards had been turned down and imposed an unfair additional burden on the local economy.

Mr. Kohl's been heading the local government for the past 16 years and his defeat in the election would have been regarded in Bonn as a political upset of major consequences at the national level.

win a majority for his party and take over the state government. Many commentators thought this goal was within his reach. But because the Free Democrats, who are Mr. Kohl's indispensable coalition partners at the national level, were hard pressed and faced the danger of falling below the minimum 5 percent required to win a post in the state parliament, Mr. Wallmann in the closing days of the campaign appealed to the voters to cast their ballots for the coalition rather than a single party.

The Free Democrats as a result received 7.1 percent of the vote, more than double the number they had won in the last local election. The Christian Democrats lost crucial votes as a result and fell behind the Social Democrats.

The issue of the deployment of new U.S. nuclear weapons, which has been dominating the political debate nationally, seems to have had no decisive impact on the voting.

The Greens, the party of ecologists, peace advocates and civil rights militants, won 5 percent of the vote in Hesse — a decline of 2 points — and 5.4 percent in Bremen — a slight gain.

Though disappointing to the leaders of the Greens, the result is interpreted by some commentators as a sign that the Greens have become an established and in some ways conventional party, which can count on its own limited block of votes in nearly all elections and nearly all regions.

Reagan Says He'll Let Watt Decide If He Should Resign Interior Post

The Associated Press

WASHINGTON — President Ronald Reagan said he will let James G. Watt decide for himself whether he should resign as interior secretary.

Mr. Reagan, asked in an interview Monday with The New York Post if he thought that Mr. Watt could still function as a member of the cabinet, said:

"I think that's a decision that he himself will have to make—whether he feels he has made it questionable as to whether he can be effective or not."

Discussing Mr. Watt's characterization of several appointees as "a black... a woman, two Jews and a cripple," Mr. Reagan commented in the interview:

"I think in all fairness we have to recognize that, yes, it was a very improper thing to say. But it certainly was not said in the sense of any bitterness or bigotry or prejudice. If I thought he was bigoted or prejudiced, he wouldn't be part of our administration."

Reprieve in Senate

Earlier, Eleanor Randolph of the Los Angeles Times reported from Washington:

Mr. Watt won a brief reprieve

Monday in his battle to keep his job when the Senate decided to postpone until next week a vote on a resolution calling for his removal.

The delay in the vote also may have provided what a Senate aide called "a little breathing room" for Mr. Watt to decide whether Mr. Watt has become too much of a political liability for the party.

Interior Department officials said that Mr. Watt spent the weekend trying to solidify his position and marshaling political friends across the nation.

The officials said that the atmosphere in Mr. Watt's offices was "very gloomy" as he went about routine business.

Although Democrats have been pushing publicly for Mr. Watt's removal, some of the party's campaign strategists have said privately that he should not be forced out, because he is good campaign fodder for Democrats and a liability to Republicans.

A Democratic aide said: "Let Watt be Watt," an adaptation of one of Mr. Watt's favorite phrases. "Let Reagan be Reagan."

Senator Robert J. Dole, a Kansas Republican, who was left slightly handicapped by a World War II

wound, said, "We just can't afford for every two or three months for Mr. Watt to make some comment to offend another 30 million or 40 million people."

Appearing beside Mr. Dole at a press conference Monday was the virtuoso violinist, Itzhak Perlman, who has frequently been restricted to a wheelchair since a childhood bout with polio.

"If somebody's capable of doing that, he's obviously capable of calling a black man a nigger and a Jew a kike," Mr. Perlman said of Mr. Watt.

Many of Mr. Watt's supporters believe that a Senate vote against him, would clearly signal an end to his career at the Interior Department. To date, 11 Republican senators have called for Mr. Watt's resignation or removal, enough to give Democrats a clear majority if it came to a vote.

Government, Labor Meet On Belgium's '84 Budget

By Priscilla Painton

BRUSSELS — As workers began cleaning up after a paralyzing nine-day public-sector strike, union leaders, employer representatives and the government were engaged Tuesday in tense discussions over the draft 1984 budget.

Both Socialist and Social Christian union members said that if the government does not give up some of the austerity measures proposed for the 1984 budget, the strike — this time involving the private sector — will probably start up again.

The nine-day strike by public employees collapsed Friday when the most militant of the striking unions, the Socialist Fédération Générale du Travail de Belgique, voted reluctantly to accept minor concessions on planned cuts of 8.3 billion (about \$156 million) in wages and benefits.

Richard Wulf, a Social Christian union member, said the government had withdrawn the two proposals that had offended the public sector employees most: a cancellation of automatic salary increases every two years and a 15-percent cut in the pensions of career civil servants.

The government insists, however, that it stuck by its budgetary goals.

"The government did not capitulate," said Lou De Clerck, spokesman for Jean Gol, the acting prime minister. "The 8.3 billion will be found in the public sector."

To accomplish that goal, the government plans to reduce the 1984 budget deficit by postponing end-of-year bonuses to Jan. 1, 1985, and, starting in July, it also intends to switch payroll from the beginning to the end of the month so interest can be earned on the wages before they are paid. The government is to present a final budget by Friday.

Union officials say the measures are bookkeeping gimmicks that will not yield the savings the government had sought. François Sabe, secretary-general of the Confédération des Syndicats Chrétiens, said, "The government has just pushed back the problem."

Belgian civil servants were back at work Monday, providing again the vital services that the country had been denied throughout the strike.

All public transportation was running again, freeing cities from severe congestion. At the airport, officials reported that air traffic had returned to normal. Garbage collectors in the capital could be seen clearing the mountains of garbage that had been festering in the streets.

Mail was trickling into homes again, although postal employees said it would take almost a week to deliver the millions of letters and packages that had piled up.

About 200 ships were still stranded in the port of Antwerp, in the adjacent Dutch port of Flessingue or at sea, and port workers expected to be unloading backlogged cargo until the weekend.

UN's Vietnam Refugees Exceeding 'Boat People'

The Associated Press

GENEVA — The number of refugees leaving Vietnam with United Nations assistance has for the first time surpassed the number of so-called boat people who flee on their own, a spokesman for the UN High Commissioner for Refugees said Tuesday.

"Orderly departures" amounted to 1,692 last month, compared to 1,514 boat people who arrived in Hong Kong, Malaysia, the Philippines, Indonesia, Singapore and Japan, a UN spokesman said.

Argentines File Lawsuit On Amnesty

By Edward Schumacher

New York Times Service

BUENOS AIRES — An Argentine bar association has filed a lawsuit here to outlaw an amnesty decreed by the military government granting immunity against prosecution to the military and the police.

The Buenos Aires Lawyers' Association, which represents 5,000 lawyers, said in the suit filed in federal court Monday that the military government is unconstitutional and has no authority to declare an amnesty. The military took power in March 1976 when it overthrew President Isabel Menéndez de La Rúa.

Decreed Friday, the amnesty gives the military and the police immunity from prosecution for crimes committed in their campaign against leftist in the 1970's. Hundreds of people were killed in the campaign and more than 6,000 disappeared.

About 2,000 lawyers and relatives of the missing demonstrated against the amnesty Tuesday in the federal courthouse in Buenos Aires.

According to Roberto Elias Salazar, the bar association's president, the bar argued in its suit that the amnesty was also "morally and ethically" unconstitutional because it violates procedures in which courts have ruled that "horrendous" crimes cannot be absolved by amnesty.

Meanwhile, the Center for Legal and Social Studies, a leading human rights group, issued a statement advising the relatives of the "disappeared" to press existing court cases to learn the whereabouts of the missing.

The center said it would help the relatives fight the constitutionality of the amnesty in each case. More than 6,000 such cases have been filed in recent years, although it is unclear how many are still active, human rights leaders said.

The case that has advanced furthest in the courts concerns the Navy Mechanics School. Relatives of 23 missing persons have filed a lawsuit demanding that the missing were last seen at the school.

It is unclear what will now happen to such cases. Under the amnesty they would presumably be closed.

Argentina Determined To Regain The Falklands

The Associated Press

UNITED NATIONS, New York — Argentina has told the United Nations General Assembly that regaining the Falkland Islands from Britain is a "permanent objective" and called for talks on the future of the South Atlantic islands, called the Malvinas by Argentina.

Foreign Minister Juan Ramón Aguirre Lanari presented Argentina's case in a speech Monday. "Decolonizing and recovering the Malvinas Islands, South Georgia and South Sandwich," he said, "are a permanent objective and a priority of the Argentine people, whose legitimate rights and vital interests are seriously affected by this colonial presence."

Glenn Warns Democrats on Special Interests

By Dan Balz

Washington Post Service

SYRACUSE, New York — Senator John Glenn, an Ohio Democrat and candidate for the U.S. presidency, says his party is "destined to lose" the 1984 presidential election unless it learns that "appealing to the whole national interest is far more important than appeasing the special interests."

In a week when his chief rival for the Democratic nomination, former Vice President Walter F. Mondale of Minnesota, is expected to win the endorsement of two major labor groups, the National Education Association and the AFL-CIO, Mr. Glenn appeared Monday night to be trying to sharpen the distinction between himself and Mr. Mondale.

Appearing at the fifth in a series of New York forums for the Democratic candidates, Mr. Glenn told an overflow audience of 1,500 people that the party "must not allow the next election to become a choice between the policies of the 1930s and the 1960s," and said the Democrats cannot recapture the White House "by recasting old slogans and calling them new solutions."

But he avoided directly answering a question from New York's Democratic governor, Mario M. Cuomo, who asked Mr. Glenn how he differed from Mr. Mondale on industrial policy and on education. Instead, Mr. Glenn stuck closely to the themes and rhetoric of his standard campaign speech.

Mr. Glenn's advisers have begun recently to question the integrity of the process that is expected to bring Mr. Mondale the endorsement of organized labor. Mr. Glenn's speech Monday seemed to be a continuation of his strategy to portray himself as one who is not catering to special interests. Although he never mentioned Mr. Mondale by name, the implication of Mr. Glenn's statement was clear to the audience.

In his presentation, Mr. Glenn called for an industrial policy that emphasizes cooperation among business, labor, finance and government, along with tax changes to channel money to industries that need it.

But Mr. Glenn said he opposes a Japanese-model industrial policy, and added that his administration would not favor central economic planning or government direction of private financing.

On foreign policy, Mr. Glenn said he was pleased at the role that Saudi Arabia had played in arranging the current cease-fire in Lebanon, and called the Saudis a "key

element" to bringing peace to the Middle East. "It is important to keep the Saudis involved," he said.

At the same time, he accused the Reagan administration of enlarging the role of the U.S. force in Lebanon without just cause, saying the U.S. Marines should concentrate only on maintaining the stability of Beirut, not all of Lebanon.

Mr. Glenn applauded President Ronald Reagan for indicating Monday at the United Nations that the nuclear capability of U.S. allies should be taken into account in arms-control talks with the Russians.

Many of the questions Monday night in Syracuse, a university town, dealt with education, giving Mr. Glenn the opportunity to repeat his call for a \$7-billion program to upgrade education.

The former astronaut said the nation should set a goal of making all students literate within 10 years, and he called for tougher basic standards, higher pay for teachers and restoration of college loan funds that have been reduced by the Reagan administration.

U.S. Proposes Program To Decrease Acid Rain

By Philip Shabecoff

New York Times Service

WASHINGTON — A limited experimental program to control acid rain is now "crystallizing" at the U.S. Environmental Protection Agency and is receiving particular attention from the agency's administrator, William D. Ruckelshaus, according to EPA officials and others with whom Mr. Ruckelshaus has discussed the issue in recent days.

But even this limited approach, which would cost \$1.5 billion to \$2.5 billion and is one of several that have been suggested, has drawn criticism from the Energy Department and the Office of Management and Budget as premature and too costly, the officials reported, thus causing a delay in reaching a decision.

No decision has been made as to whether the program would be paid for by the U.S. government, the states, private industry or a mix. It would require substantial reductions in sulfur dioxide from power plants and factories in Ohio, Pennsylvania, West Virginia and New York, with some reductions in Vermont and New Hampshire and possibly Indiana and Michigan.

Sulfur dioxide, when changed chemically in the atmosphere, is a major source of the acidic rain, snow or solid particles called acid rain. It is now generally accepted that the highly diluted acid is destroying freshwater life in the Northeast and some other areas and may also be damaging forests and crops.

The program would be aimed chiefly at alleviating acid rain in New York and in New England, where it has had the heaviest impact in the United States. However, agency officials stressed that it would be a national program, in that it could be broadened to include other areas of the country if it is successful.

The Southeast, part of the Great Lakes area and parts of the West Coast have also experienced acid rain damage, and Canada has complained that it is heavily affected by pollution from the United States.

The proposed program would require polluters to reduce sulfur emissions by four million to five million tons annually. About 20 million tons enter the air each year

nationwide, and environmentalists and some congressmen have said that a reduction of 10 million tons would be the minimum needed to deal with acid rain.

However, the proposal is drawing sharp opposition. When it was put before the Cabinet Council on Natural Resources and the Environment on Wednesday it was sharply criticized by some who attended the meeting, according to administration sources.

As a result, officials said, Mr. Ruckelshaus, who was to have placed a recommendation before President Ronald Reagan by the end of September, is now scheduled to do so sometime in October.

The officials stressed that other options, ranging from more research and no controls now, to a 31-state program to reduce emissions by 10 million tons a year, were still open.

That proposal would require the reduction of sulfur emissions by about 50 percent in Ohio and West Virginia, by about 30 percent in Pennsylvania and by about 15 percent in New York, with small reductions in New Hampshire and Vermont. If Indiana and Michigan are included in the program, the requirement for sulfur reductions could come to about five million tons a year. If they are left out, the required reduction could be well under four million tons with a cost as low as \$1.5 billion, according to some sources.

Deaths Rise to 45 In Riots in India

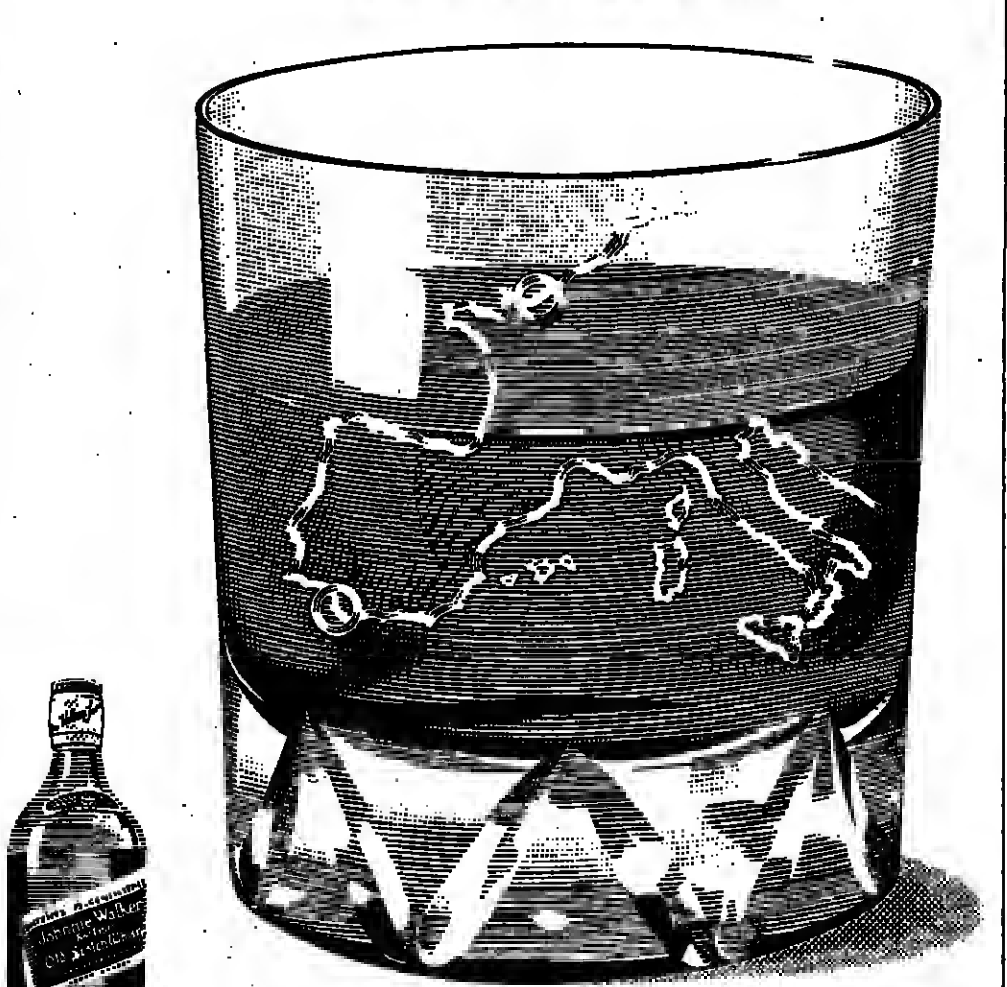
The Associated Press

NEW DELHI — One person died of injuries and a body with multiple stab wounds was found Tuesday, bringing the death toll in communal violence in Hyderabad to 45.

Hindus and Moslems fought with knives and axes in Hyderabad, capital of Andhra Pradesh state, after Moslems went on a rampage to protest alleged desecration of a mosque.

A 36-hour curfew in Hyderabad was relaxed for three hours Tuesday but was later extended to Wednesday.

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INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post

In Lebanon, a Pause

President Reagan's speech on peace at the United Nations was happily complemented by his audience's awareness that he had just made a contribution to bringing about a cease-fire in Lebanon. It was one of those all too infrequent occasions in international politics when a nation's actions give a boost to its words.

It is, of course, far too early to celebrate success in Lebanon; and it needs also to be remembered that the terrible troubles Mr. Reagan and others are addressing there were created and exacerbated by the defaults and errors of many countries — including the United States. The violence has been suspended for an uncertain time during which the Lebanese have another chance to deal with problems whose solutions have eluded them for years. Too many times before, the Lebanese and their friends have pronounced "enough" to the killing, only to be pitched back into new bloodletting.

For the moment, however, the American contribution can be commended. Mr. Reagan had little warm company and much hot criticism in undertaking to use the force necessary to support his diplomacy. He had to move

against a wily and vengeful Syrian regime stiffened by Soviet arms and men.

While bolstering an infirm Lebanese government, moreover, he had to bring it to accept a commitment to an exceedingly painful exercise in power sharing. Just to traverse this mine field with Saudi Arabia, the United States' indispensable partner in the Middle East, was an achievement.

The resulting cease-fire is much more than a cease-fire. It is a road map of sorts to a "new Lebanon" — a Lebanon unaccompanied by foreign armies and at peace with itself. There can be no doubt that no strictly military agreement, no agreement not setting up a new political process, could have won Lebanon even a temporary reprieve. But it is not too early to begin asking, quietly, just how far the United States intends to accompany Lebanon down what promises at best to be a very long and tortuous road. Specifically, what is the tenure and the role of the Marines? What possibilities now exist for a handover to the United Nations? Mr. Reagan cannot put off such difficult questions for long.

— THE WASHINGTON POST.

The Poorest Will Suffer

Seven is not a lucky number for the International Development Association, the World Bank's lending agency for the poorest and most populous nations. For the seventh time since its creation in 1960 (by the United States), IDA is asking richer nations to replenish its funds for a three-year cycle. But alone among the major donors, the United States proposes an absolute reduction, pleading lack of congressional support.

It is a lumpy excuse for a disarming decision. When it comes to deploying missiles — or imposing trade sanctions — President Reagan asks his allies to think globally and follow his lead. But when it comes to urgent help for IDA, which Europeans favor, his administration ducks behind the frowns of Congress.

If Mr. Reagan means what his Treasury says, the U.S. contribution to IDA will be cut by at least a fourth, to \$750 million a year. Since that sets the dues for other nations, the seventh replenishment from 33 donors would total about \$9 billion. This contrasts with the \$12 billion pledged for IDA-6 (in which the U.S. commitment was reduced, by stretching from three to four years) and with the \$16 billion urged for IDA-7 by the World Bank.

First and foremost among the victims of any

cut would be the world's poorest nations, which vitally depend on IDA's zero-interest, 50-year loans. But these are not the only IDA clients. As a new World Bank member, China is now eligible for loans, and India's growth hinges crucially on a continued flow of IDA money for at least three years.

IDA loans are generous, but they generate trade and enhance political and financial stability. No sensible American purpose would be served by impeding India, for lack of IDA funds, to turn to already overextended private capital markets. Nor does it make sense to say that Americans cannot afford more than \$750 million a year when the Defense Department spends five times more in a week.

Treasury's assessment of Congress is hardly infallible. In any case, the administration will never get an adequate IDA pledge without asking for it. That is the course urged on Mr. Reagan by his European allies, by his own State Department and by the man he approved as head of the World Bank, A.W. Clausen. Reconsidering this paltry contribution would make the president a bigger man, and the world a better place.

— THE NEW YORK TIMES.

A Cup for Australia

Sometimes the race really is to the swift, and it is a sight to lift the heart. The Australians clearly had a faster boat, and they handled it brilliantly. The Americans struggled valiantly to overcome the handicap of a slower boat. But in the most extraordinarily close-run series in this very long competition, the challenger finally surged ahead to win the cup.

There has been a little muttering on the American side that the Australians infringed the obscure and fine-spun rule about national origin by having their revolutionary new keel tested in the Netherlands. That is malarkey. Australia is not a populous country, and if some of the design work was done in Holland, that will not change any sensible person's view of the race by a millimeter. The boat was Australian, and the Australians earned their victory the hard way.

There is something about a 132-year monopoly of a trophy that invites a cheer — regardless of your nationality — for the challenger. The Americans had got a bit too much in the habit of winning, and that is never good for Americans. For the same country to successfully defend a cup 25 times — as the United States has since winning it in 1851 — also invites unflattering thoughts about the fairness of the competition. Americans are widely acknowledged to be fair, decent, kind, generous and lovable — but 25 wins in a row is not good for anybody's national character.

This setback, the Australians should be warned, may not prove to be permanent. The Americans will be back after that cup next time. And their boat will probably have a keel that looks much like the one on Australia II.

— THE WASHINGTON POST.

Other Opinion

Weinberger in Beijing

Two years of strain in Chinese-American relations, at times almost reaching a breaking point, have now been relieved. The current visit of the defense secretary, Caspar Weinberger, is expected to hold promise such as only the U.S. visit by Deng Xiaoping in February 1979 could match. While it is still too early to expect that the American president will visit Beijing, perhaps early next year, this idea is not excluded. His presence in Beijing would be another milestone in U.S.-Chinese relations.

— South China Morning Post (Hong Kong).

The Smell of Mothballs

The latest addition to the U.S. fleet in the Mediterranean is the battleship New Jersey, a veteran of three wars. The New Jersey's keel was laid in 1940; it was commissioned in '43. It fought in World War II, then was mothballed. It was recommissioned in '50 and served two combat tours in Korea, then was mothballed

again. It was recommissioned in 1967, served a 120-day combat tour in Vietnam, then was mothballed again. Now it is off to Lebanon.

And it is just the first of four old ships scheduled to join the fleet. This is an embarrassment to many Navy men, who believe battleships are dinosaurs. But three groups love the old battleships:

1. Nostalgic sailors.
2. Shipyard owners. The New Jersey, which cost \$100 million new, cost \$326 million to recommission. The Wisconsin, a sister ship of the New Jersey, will cost \$408 million to recommission. The Iowa and the Missouri, also sisters, will cost \$415 million and \$470 million, respectively.

3. The Marines. When they're hunkered down in bunkers, keeping the peace, they love to hear the whoosh of 16-inch shells zooming toward their attackers.

P.S. For what it's worth, no commander in chief who ordered the New Jersey out of mothballs has ever been renominated.

— Theo Lippman Jr. in the Baltimore Sun.

FROM OUR SEPT. 28 PAGES, 75 AND 50 YEARS AGO

1908: Bryan Rebukes Roosevelt

MILWAUKEE — William Jennings Bryan, while en route to Milwaukee, dictated an open letter to Mr. [Theodore] Roosevelt. It stizzles with indignation and sarcasm. After remarking that Mr. Haskell resigned voluntarily, Mr. Bryan rebukes Mr. Roosevelt, upon the ground that the President seeks to convict Mr. Haskell before the latter's guilt or innocence has been determined. What stirred Mr. Bryan most was Mr. Roosevelt's charge that the selection of Mr. Haskell as Treasurer of the Democratic National Committee raised a question as to Mr. Bryan's sincerity as an opponent of trusts and monopolies. Mr. Bryan's letter contains a severe arraignment of Mr. Roosevelt for misuse of power.

1933: U.S. Offers Wheat to Russia

LONDON — The United States, with the consent of Canada, has submitted secretly a new offer to Russian representatives in London with a view to enlisting the Soviets in a world wheat agreement, it was learned today. Moscow is expected to reject the proposal before the U.S. delegate to the conference here returns to America. At the same time it was learned that the Soviets may remain indefinitely outside the international wheat accord. It is understood that the United States offered Russia approximately an 8-million-bushel additional quota beyond the 37 million bushels the Big Four already tendered the Soviets out of a total of 560 million in world exports for the year ending Aug. 31, 1934.

Reagan Should Ignore Marcos's Bluster, Cancel Visit

By Stanley Karnow

WASHINGTON — Few foreign policy problems are more frustrating than the ability of small countries to manipulate the big powers that seek their sympathy. President Dwight Eisenhower's secretary of state, John Foster Dulles, once referred to the phenomenon as "the tyranny of the weak."

The phenomenon has been visible in U.S. relations with such client states as Israel and Taiwan, which for one reason or another have been able to get the United States to dance to their tune. It is most dramatic at the moment in the maneuvers of President Ferdinand Marcos.

President Reagan believes that he must remain on good terms with Mr. Marcos for the sake of the U.S. air and naval bases in the Philippines. As a result, Mr. Marcos is convinced that he can exercise unlimited leverage over the United States.

Mr. Marcos warned the other day that he might not renew the base agreement if Mr. Reagan canceled his plans to visit the Philippines during a tour of Asia in November.

Some consideration had been given to an alteration of Mr. Reagan's itinerary because of the explosive situation in the Philippines. White House aides finally affirmed that the travel plans would not be changed.

President Marcos's blackmail had worked. Hostility to the Marcos regime, which has been mounting steadily since he declared martial law a decade ago, has risen sharply since Aug. 21, when Benigno Aquino Jr. was assassinated at the Manila airport as he returned home from the United States to mobilize the opposition. The worst violence in nearly two decades broke out Sept. 21, when demonstrators swarmed through Manila to protest Mr. Marcos's rule; at least 10 persons died.

Mr. Marcos desperately needs the Reagan visit. He knows that the Philippines, a U.S. dependency for 50 years, is profoundly pro-American. He reckons that Mr. Reagan's presence in Manila will symbolize America's stamp of approval for his oligarchy.

But it is precisely the depth of pro-American sentiment in the Philippines that ought to prompt Mr. Reagan to skip his stop there. By seeming to endorse Mr. Marcos even indirectly, he runs the risk of alienating a large segment of the Philippine population that has traditionally looked toward the United States to uphold democracy in the country.

Having reported from the Philippines for

years, I can testify to the extent of pro-American feeling there. But it stems largely from the fact that the United States, in contrast to other colonial powers, introduced widespread education and republican institutions. No sooner was the country conquered, just before the turn of the century, than a timetable for independence was established.

Oddly, many Filipinos were so attached to America that they would have preferred being part of the United States to independence. What attracted them were American values, such as freedom and justice, which Mr. Marcos has abridged.

It is true that Mr. Marcos might become more difficult on the issue of the U.S. bases should Mr. Reagan decide to eliminate the Philippines from his schedule. But there are limits to the Marcos threat.

The American installations serve the United States, but it is in the interest of the Philippines to preserve them. They provide a security umbrella for the Philippines, which as a consequence does not require a big defense budget.

Mr. Marcos can bluff and puff all he wants, but his alternatives are limited. He cannot, for

example, make a deal with the Soviet Union.

He is further strapped by the likelihood that a confrontation with the United States would aggravate his precarious position with his own people, for whom the American connection is fundamental. To be anti-American in the Philippines may be popular among leftist student factions, but it is apostasy in the hearts of the country's villages. Hundreds of thousands of Filipinos, veterans of service in the U.S. armed forces, live on American pensions.

Mr. Reagan's staff says he will cancel his visit to the Philippines only if solid evidence can be produced to link Mr. Marcos to the Aquino murder. The prospects of producing such proof are remote, since the committee of inquiry in the affair consists of Marcos appointees.

The Reagan administration should contend that it is up to Mr. Marcos to demonstrate that he was not implicated in Mr. Aquino's assassination. Mr. Aquino was flanked by three security guards when he was killed.

More importantly, though, Mr. Reagan can make it clear by skipping the Philippines that the United States represents liberty — especially in a land whose people largely cherish the legacy of their American tutelage.

Tribune and Register Syndicate.



Seeking a Broader Answer To the Cambodia Question

By Elizabeth Becker

WASHINGTON — This year, the United Nations General Assembly will discuss the question of Cambodia for the fifth year in a row. Again, it will debate whether to seat the deposed government of Pol Pot, which ruled from 1975 to 1979, or that of Heng Samrin, who was installed by the Vietnamese in 1979. But it is time to re-examine the problem, to search for a broader solution that would end the fighting between the Vietnamese occupiers and the Cambodian resistance forces.

In fact, there is a simple solution: Ask both sides to drop all fighters and officials who belonged to the Khmer Rouge under the government of Pol Pot.

This formula would have far-reaching implications, because the Khmer Rouge remain the key Cam-

bodian actors on both sides of the war. When Pol Pot was overthrown in 1979, some Khmer Rouge went into resistance with Pol Pot; others stayed to work for the Vietnamese in the regime in Phnom Penh. They account for perhaps one-third of the officials in the Heng Samrin regime (Heng Samrin himself was a division commander in Pol Pot's army). They are also the core of the resistance army.

The two sides have hardened considerably in the last two years. Pol Pot, a communist, has formed a coalition of sorts with Prince Norodom Sihanouk, a noncommunist who ruled from the mid-1940s until 1970, and with Son Sann, the prince's former prime minister. On the other side, the Heng Samrin government joined a Vietnamese-dominated alliance cemented this year at the first Indochina summit meeting of Vietnam, Laos and Cambodia. Meanwhile, this year, as before, thousands of Cambodians and Vietnamese died in the annual dry season offensive.

There is one point of wide agreement — namely, that the Khmer Rouge regime under Pol Pot was so murderous it could be considered genocidal. (The Heng Samrin regime, in an effort to indict Pol Pot and give itself greater legitimacy, said in a report that 2.7 million Cambodians died under his regime. Outside estimates have ranged from 1 million to 3 million.) This is where negotiations should begin — and all steps should be taken to prevent the responsible Khmer Rouge from threatening the people again.

So all Khmer Rouge figures should be removed from positions of political and military power on both sides. The resistance coalition would lose much of its army: Pol Pot and most of his 30,000 soldiers would have to go, leaving the resistance with only about 10,000 noncommunist soldiers, hardly a match for 150,000 Vietnamese. But Heng Samrin would also lose the core of his government — and the Vietnamese Army would be left protecting a more nationalistic regime.

Most of the issues that divide the two sides would also disappear. If Pol Pot's Khmer Rouge army were dismantled, the Vietnamese would no longer have to fear that China might use Cambodia as a base to threaten Vietnam's security. The Cambodian people would no longer have to fear Pol Pot's army. And the Vietnamese would soon feel secure enough to begin withdrawing their forces.

Who would run the country? There are plenty of educated Cambodians outside the Khmer Rouge who could take over — people now working for Heng Samrin and for the noncommunist resistance. Thousands of Cambodians now overseas would also be allowed to come home.

What about outside, interested countries? The Chinese have to agree, for only they can take care of the Khmer Rouge, presumably by offering the top figures asylum. But China could accept this solution because it is one that resembles Beijing's latest call for a neutral Cambodia.

The Vietnamese would agree if they were promised significant economic aid — and if Vietnam went along, the Soviet Union would, too.

The United States could help by lifting the embargo against Hanoi, normalizing relations and promising to support international aid. Moreover, the Vietnamese would not have to admit wrongdoing. And they should be assured that the formula would allow Marxists in Heng Samrin's regime — including his prime minister and defense minister — to join a new government. The Vietnamese could also maintain a special economic and cultural relationship with Cambodia.

The writer, who is completing a book about postwar Indochina, contributed this column to The New York Times.

Bringing the Democracies Under the Same Roof

By Jonathan Power

NEW YORK — At the last estimate by Freedom House, the New York-based organization that monitors political liberty, only 32 to 36 percent of the world's people live in full-fledged democracies. But democracies, while they represent a precarious minority, have virtues that give them exceptional strength and vitality.

The full story of the Korean airliner incident may never be known. Does it matter? Perhaps the significant element was the comparative behavior of the democratic superpower. Both had to revise their opening positions. The former did so voluntarily, the latter under duress. One seemed intent on coverup, the other determined to get at the truth, aware that its own public would not let it get away with less.

India, the world's largest democracy, has allowed some of its mistakes to surface. China, the world's biggest totalitarian power, has generally clamped down on exposure. Some used to believe that China was the model developing country, one that had outlasted poverty and unemployment, and that India was a nation of beggars. Today, by sheer persistence, the Indians, who never hid one beggar from view, are visibly ahead. They have a more vibrant economy, a more sophisticated intellectual class and a more discerning and critical peasantry

and proletariat. It was this latter group that punished Indira Gandhi with a savage electoral defeat in 1977, after she had tried to dilute democracy by taking emergency measures.

Consider democracy in the Caribbean. When Michael Manley, a socialist, lost the prime ministership of Jamaica by a landslide to Edward Seaga two years ago, it was confirmation that the English-speaking islands of the Caribbean would not react to hard times by cozying up to Cuba. They wanted good management and economic discipline, not rhetoric and flourishes.

Yet after two years of stringent housekeeping, the electorate realizes Mr. Seaga does not have the answers to all its problems. And Mr. Manley, who seemed isolated, is back on center stage. Maybe Jamaica needs both men at different times: one to give the country spirit and a sense of conviction; the other to stoke the engines and get it to move forward. This is what democracy can offer — choice.

It is not widely known how close Mr. Manley came to leaving politics after his defeat. His party won only a handful of seats and the future looked unappealing. If he had retired, the militant left probably would have taken over his party and Jamaica would have become polar-

ized to the point that its democracy would have been threatened.

An important influence in persuading Mr. Manley to wait and see were his colleagues in the Socialist International — the club of West European socialist parties that, in recent years, has added Third World democratic socialists to its membership. People like Willy Brandt of West Germany and Olof Palme of Sweden persuaded Mr. Manley to stay and wait for the inevitable return of the pendulum.

The Socialist International is playing an unusually useful role in sustaining democracy in the Third World. But it is not time to create a body with wider appeal that would link up the democracies of the world, giving support and advice in moments of need? It would not be a military or economic alliance, nor an old-boys' network like the Commonwealth. It would merely be a society for democrats.

President Reagan touched on this in his speech in London in June 1982 when he called for a "campaign for democracy." After a lot of bureaucratic infighting, the Reagan administration has established a political foundation to fund democratic initiatives around the world.

More interesting is an idea of Raymond Gastil of Freedom House. He has proposed a Council

of Free Nations to unite the 55 more or less democratic states in the world. He wrote: "The Council could serve an educational function in promoting democratic development through a bureau offering advice on the democratic process."

"For example, when the leaders of a coup in Thailand announced they wanted a constitutional government, the Council would have offered its assistance, so that the subsequent democracy would be more solidly constructed. This aid would include day-to-day advice on the many concerns and initiatives necessary to make a democratic system work."

"The Council might establish a board of arbitration to hear disputes that have been tearing nations such as Lebanon apart. The parties of Chile might have submitted their problems to such a board and thus avoided a military takeover. The Council might also develop an organization that would offer aid in the development of indigenous political parties at any point in the democratic part of the spectrum."

If such a body were created, with good organization and adequate funding, it might develop to the stage where, unlike the United Nations, countries would value membership for its prestige. It would be a sign that a nation had reached adulthood.

International Herald Tribune.

Those Dratted Interest Rates: Some Worrying Trends

By Robert J. Samuelson

WASHINGTON — When Treasury Secretary Donald T. Regan blames banks for high interest rates, he shows that he does not understand interest rates, banks — or both.

There are roughly 14,000 banks in the United States, more than 4,000 savings associations and about 12,000 credit unions. Borrowers who think one bank's rates are too high can go elsewhere. So can depositors who think savings rates are too low.

The only charitable explanation for Mr. Regan's recent commentary is frustration. Interest rates have confounded government officials, economists, bankers, business executives and consumers since 1980. They rose higher than expected, stayed there longer and now, another puzzle, have not prevented a strong recovery.

Few economic issues raise so much anxiety or uncertainty. By themselves, interest rates do not matter. But they do matter if they impede recovery or crush debt-laden developing countries. Are either of these likely? No one knows.

And recovery, not interest rates, will mainly determine the fate of developing countries and the stability of the global banking system. The economist William R. Cline estimates that 1-percent economic growth among industrialized countries improves debtor nations' balance of payments seven times as much as a one-point decline in interest rates. The reason: rising exports.

None of this means interest rates are not high. The convention today is to describe rates in "real" terms, adjusted for inflation. Home mortgages in the early 1980s averaged less than 6 percent when inflation ran 1 to 2 percent; the real rate appeared to be 4 to 5 percent inflation. Comparable mortgages now command 13 percent or more; against 5-percent inflation, the real rate seems to be 8 percent. Other comparisons are more dramatic. Top-quality corporate bonds fetched less than 4.5 percent in the

early 1980s. Their rates now exceed 12 percent. Banks' prime rates remained at 4.5 percent from 1961 through 1964. Now they are 11 percent. Against inflation, today's rates are all higher.

Why? Take your pick:
• Monetary policy. The Federal Reserve, it is argued, squeezed the money supply too hard for too long. Its stringent anti-inflation policy, adopted in October 1979, coincided closely with the sharp rise in interest rates. The trouble with this explanation is that the relaxation of money supply growth last summer brought down "nominal" interest rates (unadjusted), but not real rates.

• Deficits. Large deficits have increased demand for credit, boosting interest rates. Maybe. A problem with this theory is that total growth in credit (government plus business and consumer borrowing) as a proportion of gross national product was much less last year than in 1978. But real rates remained high.

• Deregulation. Until recently, legal interest-rate ceilings existed on many savings deposits, consumer loans, and state and local government borrowings. Once competing interest rates rose beyond the ceilings, the economy slowed. People withdrew from savings accounts, dampening mortgage lending. Now the disappearance of these ceilings, it is argued, means that rates must rise further before borrowing slows. Fine. But why, then, did rates stay high after the economy collapsed?
The list of theories, and there are more, attests to the confusion. The only way to make sense of it may be to concede something to everyone and resort to common sense. The common sense is that interest rates may not be as high as they seem, because they need to be adjusted for taxes. Consider this:
For a taxpayer in the 35-percent

bracket, the deductibility of interest means that a 13-percent mortgage has an aftertax cost of 8.45 percent. If inflation averages 5 percent during the mortgage, that implies a real interest rate of 3.45 percent. If 7-percent inflation, the real rate drops to 1.45 percent. Likewise, a 7-percent inflation would mean that the real, aftertax cost of a 12-percent bond would be negative for firms at the top corporate tax rate of 46 percent.

These examples underline the guesswork in estimating real interest rates for long-term bonds and mortgages. No one knows people's expectations of future inflation, and their interaction with tax laws and actual interest rates is a relatively new phenomenon. Until the 1970s, people did not regard inflation as permanent. Low interest rates (and, therefore, low deductibility) made tax consequences secondary.

Borrowers seem to have grasped the new realities before government. Federal Reserve policy in the 1970s aimed at low interest rates with little, if any, consideration for inflationary expectations or tax consequences. Borrowers swarmed for cheap credit.

This abetted global inflation, because U.S. interest rates dominate world credit markets. Now government may be catching up. The Fed seems determined to prevent this cycle from recurring. Tax considerations and long-term expectations seem to have insulated themselves quietly into policy.

If so, today's relatively high real rates may signal a better balance between growth and inflation. Slight interest rate run-ups may not be fatal. The implications are extensive. High tax rates (but not the overall tax burden) may compel high interest rates to avoid runaway inflation. But this raises the dollar's exchange value and hurts exports. Likewise, a two-tiered credit system may be emerging. Individuals and firms in low tax brackets may face much higher interest rates, which they cannot afford.

This suggests a familiar problem: a collision between sensible economic policy and fair social policy.

National Journal.

LETTERS TO THE EDITOR

Reagan and Women

Regarding "Women's Groups" (Letters, Sept. 6):

Marilyn Davis Liddicoat tells us that President Reagan's problems with so-called women's groups (I wonder why "so-called") are meaningless and should not have been "trumpeted forth" by your paper. These groups, she says, represent only a small minority of women who are out for their own liberal political purposes.

Ms. Liddicoat feels herself entitled to make this accusation because, as an attorney, she has been "confronting" these groups. But she doesn't

buttress her denunciation with even a single case in point. Her charges are little more than personal prejudice.

LEONORE SUHL,
Portland, Oregon.

The Bear's Paw

The inability of the Soviet state to accept even the slightest hint of responsibility or guilt for the downing of the Korean airliner again reveals the incredible stupidity of the Kremlin rulers.

Imagine the outpouring of international good will that would have followed a public apology from Yuri Andropov. Some crocodile tears, a

few million rubles worth of indemnification, and once again most of the world's leaders would be eating from the bear's paw.

DAN L. TRAUB,
Lisbon.

Regarding "Moscow Silence: the Voices of Deafness" (LIT, Sept. 15) by Robert Conquest:

It is with great pleasure that one reads such articles. When will the millions who are continuously harassed — Greece is a flagrant example — wake up and realize that they are being treated like moribonds?

ALKIS S. MAGDALINOS,
Athens.

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Tino Rossi

Tino Rossi, 76, French Popular Singer, Is Dead

PARIS — Tino Rossi, 76, whose career as a romantic singer spanned half a century and 200 million records, died Tuesday of cancer of the pancreas.

Mr. Rossi, known as the "most famous Corsican since Napoleon," died at his home in Neuilly, a Paris suburb.

One of France's most popular entertainers for decades, Mr. Rossi recorded more than 2,000 songs. His specialty was songs of love, but his best-known hit was "Petit Papa Noël," which has sold 30 million records.

Mr. Rossi was born in Ajaccio, the son of a tailor, and began performing as a teen-ager at the Casino de Ajaccio.

He sang of his native island in "O Corse, Ile d'Amour."

He appeared in about 30 movies. His fifth film, "Marinella," in 1936 clinched his fame as a star. Some of his other hits included "La Cucaracha," "Became Mucha" and "Johnny Guitar."

Gunnar Thoroddsen

REYKJAVIK, Iceland (AP) — Gunnar Thoroddsen, 72, prime minister of Iceland until his resignation this year and one of the country's longest-serving modern politicians, died Sunday.

Mr. Thoroddsen ended 48 years in politics when he and his cabinet resigned in April after the breakup of his three-party coalition government.

Wilfred Burchett, 72, Leftist Journalist, Dies

International Herald Tribune

PARIS — Wilfred Burchett, 72, the Australian-born journalist who covered the Korean and Vietnam wars from the Communist side, died Monday in Sofia, according to a Paris newspaper report.

During the Korean War, Mr. Burchett was accused of helping extract false confessions from American prisoners that the United States was using germ warfare. He wrote dispatches charging that the United States conducted germ and chemical warfare in Vietnam.

In 1970, when Mr. Burchett tried to visit his native Australia for the first time in 19 years, the government refused to issue him a new passport. Prime Minister John Gorton charged that he had tried to brainwash Australian prisoners during the Korean War. Mr. Burchett managed to fly to Brisbane anyway and was met at the airport by a mixed crowd — some chanting "Go Home to Hanot," and others cheering and singing the Internationale.

He said he had lost or mislaid his Australian passport in 1955. He subsequently traveled on a variety of documents, including a Cuban passport and a North Vietnamese travel permit.

For decades, Mr. Burchett enjoyed excellent contact with Asian Communist officials. During the Vietnam War, he frequently published interviews with such figures as North Vietnam's foreign minister, Nguyen Duy Trinh, and the chief of the Viet Cong, Nguyen Hu Tho.

In December 1971, the Nixon White House confirmed that Mr. Burchett had had a secret meeting in mid-October with Henry A. Kissinger, then the secretary of state, after Mr. Burchett sent word that he had "useful information" that "might help to end the war" in Indochina. The White House did not say what Mr. Burchett had told Mr. Kissinger or whether his information was useful.

At the time, Mr. Burchett was in New York covering the United Nations for several European and Australian publications. Because of his Communist associations, he was restricted to a 25-mile radius of UN headquarters.

In 1974 Mr. Burchett sued John Kane, a former Australian senator and secretary-general of the rightist Democratic Labor Party, for a 1971 article in Focus, the party magazine, stating that Mr. Burchett had been a member of the Soviet secret police and was in the pay of Beijing during the Korean War although he posed as a journalist. Mr. Burchett lost the case, a



Wilfred Burchett

Sydney court ruling that the article was fair.

Mr. Burchett openly acknowledged his Communist sympathies but vigorously denied he had ever been a spy.

During the trial, a former U.S. fighter pilot, Paul Kubes, who had been shot down over North Korea in 1952, said that Mr. Burchett personally edited a false confession made under duress claiming the U.S. Air Force was conducting germ warfare.

Mr. Kubes testified, "I personally feel that Mr. Burchett was very high in the organization which was running the propaganda about germ warfare."

Bui Cong Toung, a former Viet Cong province chief who defected in 1970, said Mr. Burchett attended a propaganda school in the Mekong Delta and gave advice to Communist cadres.

Mr. Burchett and his Bulgarian-born wife, Vessa, had three children.

Born in modest circumstances in Melbourne in 1911, Mr. Burchett spent his early youth as a vagabond laborer. He went to Europe in 1936 and covered World War II for the London Daily Express.

His books included "Why the Viet Cong Is Winning" (1968) and "China, Another Way of Life" (1974).

Bangladesh Floods Kill 114

The Associated Press

DHAKA, Bangladesh — Two weeks of floods in Bangladesh have left 114 persons dead and more than 3 million people in 12 districts without adequate supplies of food or water, government officials said.

France Bans 4th Group In Corsica

Unit Was Legal Front For Outlawed FLNC

The Associated Press

PARIS — The French government outlawed a Corsican nationalist group Tuesday in its effort to end separatist violence on the French-ruled Mediterranean island.

Under the decision by the cabinet of President François Mitterrand, simple membership in the Confederation of Nationalist Committees, or the CCN, is a crime punishable by a prison sentence. The group's dissolution occurs two weeks after the assassination of a top government official in Corsica.

The CCN has been considered the legal front of the Corsican National Liberation Front, or FLNC, which was outlawed in January.

The fourth Corsican group to be banned since 1974, the CCN first surfaced in 1980. Under its constitution the following year, it unified 12 nationalist committees on the island.

Max Gallo, the government spokesman, said the links between the FLNC and the CCN were "numerous" and were discovered in documents seized by the police after the FLNC was outlawed.

Since the mid 1970s, the FLNC has claimed responsibility for thousands of bombings, attacks on the island and the French mainland. Most of the bombings attacks have been directed against government offices and tourist agencies and have rarely caused injuries.

The FLNC, however, has claimed responsibility for the assassination Sept. 13 of Pierre-Jean Massimi, the second-ranking government official in the northern part of the island.

Mr. Massimi, 37, died of a gunshot wound to the head after assassins opened fire on his car.

The documents seized by officials linked the CCN to Mr. Massimi's assassination, Mr. Gallo said.

"It is clearly apparent that the CCN had become the legal refuge of FLNC militants," he said after the cabinet meeting. "The CCN openly endorsed the goals of the FLNC."

Mr. Mitterrand tried to defuse the movement last year by allowing Corsicans to elect their first regional assembly, which has given the island more power over local affairs.

This has not stopped the separatists seeking to end 215 years of French rule over Corsica, an island of 275,000 people.



OPEN FLIGHT — An Australian airliner circles Monday over Perth Airport with its main door hanging open. The Fokker F-28, whose door came loose shortly after takeoff, made an emergency landing and none of the plane's 58 passengers or crew was injured.

New York's Mayor Adds His Opinion To U.S. Debate: 'The UN Is a Cesspool'

By Margot Hornblower

Washington Post Service

NEW YORK — First, Charles M. Lichtenstein, the deputy U.S. representative, tells them they can "sail into the sunset," as far as the United States is concerned.

Then President Ronald Reagan offers six months in Moscow.

Then the Senate slashes \$500 million out of their budgets.

Now this: Mayor Edward I. Koch of New York said Monday that he really wanted the United Nations and its delegates to remain in New York "because every country needs a cesspool."

"I've said this a million times," Mr. Koch told a United Jewish Appeal breakfast. "The UN is a cesspool. It is a monument to hypocrisy. I've said that many many times, and I also say they should stay here in the city of New York because every country needs a cesspool."

Mr. Koch's audience laughed appreciatively as the mayor added: "I enjoy having them here. It is theater. It's sometimes absurd, but always interesting."

Brian Urquhart, the UN's under-secretary-general for political affairs, had a response. "Governments have insoluble problems," he said. "So they dump them on the United Nations and then blame us for not solving them. No one can do anything about the Soviets in Afghanistan, so the problem gets dumped here."

"Everyone blasts the UN, but where do they go when a Korean

airliner gets shot down? The world is in danger and you bloody well better have one place where everybody is free to talk to everybody else."

Part of the unpopularity of the United Nations may stem from the dramatic change in voting patterns in recent years. After three decades of Western supremacy, the admission of dozens of newly independent nations has tipped the scales against U.S. positions in the General Assembly.

"The U.S. has lost control of the UN," said Richard A. Woolcott, Australia's UN representative.

"The UN used to be a comfortable

club of allied victors in the 1950s, and the U.S. could manipulate it. Now, however small a country is, it has a voice on the international stage."

In a recent survey by the Roper organization, 51 percent of Americans polled said the United States should withhold money from the United Nations when it disagreed with basic decisions made there.

A spokeswoman for Mr. Lichtenstein said Monday that he had been overwhelmed with letters and calls of support since his statement. The day afterward, 350 supportive calls and 14 critical calls came into the office, she said.

Scholars Accuse White House Of Political Bias on Research

New York Times Service

WASHINGTON — A large scholarly organization has charged that the Reagan administration is improperly using political criteria to evaluate proposals for social science research.

The organization, the consortium of Social Science Associations, made the charge last week in a letter to Margaret M. Heckler, the secretary of health and human services.

The researchers were particularly concerned about a project in which the Reagan administration is asking scholars to compare the

merits of public and private social service and health care programs. Federal officials stated in a notice that they would evaluate research proposals on the basis of how well researchers understood the administration's preference for using the private sector.

Dr. Roberts Baistad Miller, executive director of the consortium, asked Mrs. Heckler to withdraw the solicitation notice. "It is strongly political in tone," she said, "and is written so as to suggest that the political orientation of the proposal will influence the decision as to who receives the contract."

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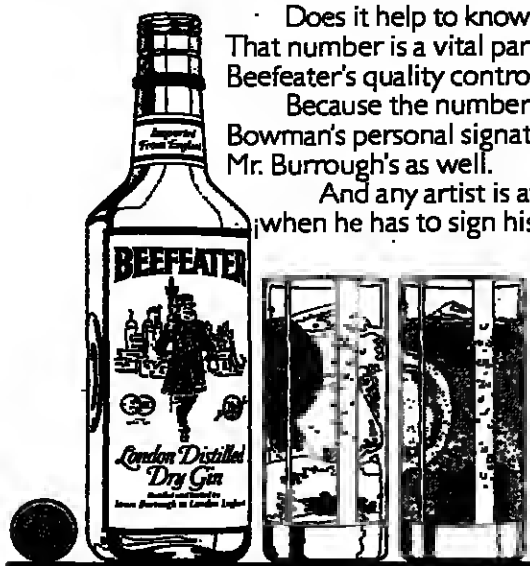
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British Suburbia: A Pakistani Perspective

By Sheridan Morley

International Herald Tribune

LONDON — Hanif Kureishi is a young and already award-winning Anglo-Pakistani playwright who happens to have been born

THE BRITISH STAGE

and brought up amid the suburbs of south London. From that split perspective he has given us "Birds of Passage" (Hampstead) in which the old owner-occupiers are driven back to darkest Wales by a rich intruder.

The intruder happens in this case also to be Pakistani, and we are therefore immediately up against

problems racial as well as territorial. But Kureishi is an observer rather than a crusader, and his play is ultimately, curiously, a kind of hymn to the English suburban mentality rather than a demand for change.

Unlike Mike Leigh, whose first instinct when faced (as in "Abigail's Party") with a similar cross-section of outer London life was to send up the residents' rotten, Kureishi clearly has an almost Priestleyan affection for the English family in mid-rinial. Thus we have Joe Melia as a father forever defending his country ("We've got the British Museum. And the novel.") even when it has left him redundant, unwanted and homeless; Jean Bohl as the mother who remembers when

the milkman had a horse; Belinda Sinclair as the daughter who has turned to a little discreet prostitution by way of making a living; Neil Pearson as the son who thinks families are divisive; Rowena Cooper as the aunt who has moved upmarket ("If you want to see what England's really like, come to Chislehurst.") and Roger Sloman as the once-affluent central-heating-engineer uncle out of whose radiator the bottom has now dropped.

Observing this curious but unmistakably English troupe is Read Rawi as the Pakistani lodger turned landlord, but it is a measure of Kureishi's complicity as a writer that here we have no ordinary interloper. Indeed, of them all it is perhaps the Pakistani who is most

nostalgic for a lost world of servants and security and true values, and he who has occasionally to point out to the locals something of what they are leaving behind in the flight to Wales.

"Sydenham's a leaving place," says the son early in the play, and though that sentiment seems to me utterly unobjectionable, it is not in fact what the play is about. Rather, its theme lies in the father's line about London suburbs "lasting a thousand years." That Hittlerian promise is made in no sense of terror or defeat. Kureishi clearly believes the suburbs are at the heart of what is good about England, and that they will survive no matter what temporary population changes they endure. No English playwright has written a comparable hymn to Beckenham, Bromley and Croydon since Noel Coward was accused of patronizing his own folk in "This Happy Breed" all of 40 years ago. Kureishi may for all that be onto something. At the very least he deserves an award from the London Tourist Board.

Alan Strachan's thoughtful, careful and loving revival of "A Streetcar Named Desire" at Greenwich comes as a sharp reminder of that play's true greatness, a reminder much needed considering how seldom it has been revived in London and how hopelessly the property is now overhung with memories of Vivien Leigh and Marlon Brando playing beauty and the beast through that much overrated Kazan film of 1951.

It needs to be recalled that Brando was not Tennessee Williams' first choice for Stanley; rather it was the more subtle and intelligent John Garfield, and it is toward that kind of performance rather than Brando's that Paul Herzberg's new Kowalski is pitched. Nor need Blanche need the stammering loony immortalized by Leigh. Sheila Gish plays her until the final crackup in far more controlled neurosis, thereby making all the more tragic the ultimate reliance on the kindness of strangers leading her to an asylum.

Though carefully located in 1947 New Orleans, with a brilliant split-level set by Bernard Cusshaw and a haunting jazz background for the scene changes, this is a production very much in the tradition of what Strachan has been doing at Greenwich with Terence Rattigan and J.B. Priestley and even Coward: slow, studied revivals of contemporary classics that you always think you know only too well until you get there and find that you really hardly know them at all except by faulty memory or screen travesty.

"Streetcar" stands with "Death of a Salesman" as a twin pillar of postwar American theater. Arthur Miller's play is about heads and economics, Williams' is about hearts and feelings. I doubt we shall see a better "Salesman" than the Warren Mitchell revival by Michael Rudman at the National in 1979, and I doubt we shall see a better "Streetcar" than the one now at Greenwich. It urgently deserves a West End transfer, not only for the sight of Gish reaching the major stardom which has long been expected of her, but also for Herzberg and some deeply impressive character work from Clare Higgins as a Stella who for once could really be Blanche's sister and from Duncan Preston as the whimsical Mitch. All in all, an unmissable dramatic treat.

In recent years, the Met has relaxed its one-act tradition of white-tie formal wear for opening night. But Monday the board and upper-echelon administration, at least, had reverted to white-tie elegance for this special night.

"We decided to go back to white tie in deference to the occasion," Bliss said.

In recent years the Met has moved away from the tendency of some companies to offer its opening-night audiences relatively light, undemanding fare. But "Les Troyens," a five-hour extravaganza sometimes divided into two evenings, made for a particularly momentous opening-night choice, as befits the monumentality of the season.

The production was first presented on Oct. 22, 1973 — the Met's 90th birthday. It has not been revived since that season.

The Met's Very Special 14,621st Night

By John Rockwell

New York Times Service

NEW YORK — With trumpets flourishing on a picture-perfect New York autumn evening, the Metropolitan Opera, the United States' largest, grandest performing-arts institution, opened its centennial season Monday night.

"It's pretty exciting," said Anthony A. Bliss, the company's general manager. "It's hard really to take in the fact this is the 100th anniversary."

Plácido Domingo, the Spanish tenor who sang for the first time the difficult part of Aeneas in Berlioz's

five-hour epic, "Les Troyens," said: "Opening night is always an event. All the people have come back from vacation and they are excited to see opera again."

"But this opening night is special," said Domingo, who says he holds the record for appearing in the most opening-night casts in the Metropolitan Opera House — six, counting Monday. "It's special for the artists, for the theater and even for the country. For a nation as young as the United States, to reach the 100th anniversary of an opera company is quite an achievement."

According to Met statisticians,

Monday night marked the 14,621st staged New York performance in the company's history.

The sold-out event, a benefit for the company, was the biggest single box-office money-maker in Met history. The performance grossed \$601,000 at ticket prices ranging from \$300 per person in an eight-seat box to \$35 for the least expensive seat. Standing room remained at the normal \$5 and \$7.

The previous biggest box-office total was \$425,000, for the opening of the Metropolitan Opera House at Lincoln Center in 1966. The biggest regular-season opening night income was last year's, \$372,000.

Most principal singers observe near-monastic rituals before a performance. Jesse Norman, a soprano who made her debut with the company Monday as Cassandra, took her telephone off the hook, according to her press aide. Domingo withdrew to a rural spot in Connecticut after the dress rehearsal last Thursday for three days of what he called "complete silence."

James Levine, the Met's music director, artistic-director designate and Monday's conductor, arrived at the theater in mid-afternoon, and by 5 p.m. the first of the singers, dancers and musicians who needed to be made up or to warm up had begun to appear in significant numbers.

The two female leads, Norman as Cassandra and Tatiana Troyanos as Dido, are each other's "covers." Later this season, they are scheduled to switch roles and if one were unable to sing, the other would sing both parts.

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On-and-Off Wedding Rings

By Enid Nemy

New York Times Service

NEW YORK — Just before Richard and Dee Merritt were married 37 years ago the bride-to-be suggested to her future husband that they both put on wedding rings during the ceremony. His answer was an unequivocal no.

So it was somewhat of a surprise to Mrs. Merritt when her son was married last year and the couple had a double-ring ceremony.

There are no statistics on the subject, but it appears that an increasing number of young men are wearing wedding bands. On the other hand, a small trend in another direction is evident, even to the unobservant. The wedding bands placed on the fingers of some brides are now, for a variety of reasons, reposing in jewel cases or drawers.

When Linda and William Schieber were married 17 years ago they exchanged plain gold wedding bands, but neither of them wear them now. "I was always taking my ring off to do things like garden or cook," said Mrs. Schieber. "Basically it was a nuisance, and my husband felt the same way."

Janet Wilder, who was married 17 years ago to Arthur Hyams, a software consultant, stopped wearing her wedding band about a week after the ceremony, with her husband's understanding and approval. Wilder said that occasionally she was asked why she did not wear a ring and that the question almost invariably came from a man who usually did not wear one himself. "I just say, 'Why don't you wear one?'" she related. That is likely to end the conversation pretty effectively.

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Geoffrey Beene will introduce this design for pajamas in black silk with fuchsia flowers at his next showing.

Geoffrey Beene Finds Costly Fashion Niche

By Hebe Dorsey

International Herald Tribune

NEW YORK — Fashion designer Geoffrey Beene, 56, has been in business for 19 years, during which he has had time to develop a confident attitude as well as a comfortable profile. Much touted and honored, with eight Coty awards — the most ever given to a single designer — Beene is now a fashion institution, a designer's designer, who has made it on his own terms and has found his exclusive and expensive niche in the world of American fashion.

His collections regularly get rave reviews and American Vogue recently gave him an eight-page spread. Vogue credited Beene with "a totally modern sense of dressing" and spoke of "his sense of style, his finely honed, constant evolution of shapes, the disarming simplicity of his lines and the ultimate luxury of his fabrics."

Yet, if you ask him what has changed the most in his career, Beene plainly answers: "Prices. They're much higher and by my own choice. The quality of the fabrics, the quality of the workmanship, all this is very costly over here."

In an interview at his Seventh Avenue headquarters, Beene recalled that he was trained in Paris at Molynaux's (where he learned the art of draping on the bias) but that originally, he was not headed for a designing career. Born in Haynesville, Louisiana, the grandson of a doctor on his mother's side and of a cotton grower on his father's, he started studying medicine. "In the South, if you weren't a doctor, a lawyer, a merchant or a thief, everything else was a hobby," he said with the drawl he has never lost.

After two years of medical school, he found he could not take "vivisection, cadavers and all that horrendous stuff." His disappointed parents sent him west to the University of Southern California, but before classes began, he found a job as an assistant in the display department of I. Magnin, the West Coast retailer. Encouraged by a Magnin executive who thought Beene had a flair for design, he moved on to New York and the Truett School of Fashion, then went to Paris in 1949 for two years of intensive training.

He still calls Paris "the greatest change in my life, an awakening of all my senses, the discovery of not only fashion but culture, style, architecture. These two years, which I wouldn't trade for anything, just totally changed my life."

After working for several well-known New York fashion houses, Beene opened his own in the early '60s and "learned my way up to the top-dollar clientele. I always said that we have to learn to be a couturier. I learned the slow process of arriving at couture prices." These range from \$800 to \$3,000 and can go as high as \$10,000. Beene said they are justified because "in America, my clothes cannot be copied easily. They look like one of a kind although they're not. Some say they're expensive. I never apologize for the prices because my clothes endure, which doesn't happen easily."

Known for his opulent and refined look, as well as the surgical precision of his cut, Beene appeals to women with high standards who feel that his sophisticated and modern designs have now become classics.

"An added attraction of his clothes is their weightlessness. I want clothes to be as light as possible," he said. "I don't put any interlinings. Some of these you can put in the palm of your hand," he added, crushing an evening dress into a tight ball as he talked. "The American woman has always wanted comfortable clothes and clothes that work for her way of life. Our pace of living has quickened. We eat faster, move faster — so clothes have to work for a working society."

In his next collection on Oct. 6, he will show lots of sheer clothes and see-throughs, mixing jersey and -organdy. But the "Southern gentleman" is not likely to put his see-throughs at dangerous angles. His will only reveal the small of a back or delicately framed elbows.

Beene's couture now grosses \$6 million a year. Besides that, he makes \$20 million with 23 licenses, including a popular, clean-cut and cheaper-priced line, called Beenebag. His name appears on menswear, clogs, shoes, hosiery, furs and accessories. He also has 13 boutiques in Japan.

All of which has made Beene a rich and happy man, who collects houses and gardens and has the reputation of being an exquisite host. He raises rare orchids at his country home on the North Shore of Long Island and recently acquired a house in Palm Beach.

The publicist Eleanor Lambert, who founded The New York Collections, says: "Beene has more admirers and fewer close friends in the industry than any fashion designer I know. He is both a leader and a recluse. To some, he is a pet and idol, to others, an idol and a pain in the necks."

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INSIGHTS

Despite a Strong Commitment to NATO, Europeans Balk at Higher Arms Budget

By William Drozdiak

Washington Post Service

BRUSSELS — Across Western Europe, defense-minded governments that took power determined to blunt the Soviet threat are finding that they cannot pay the higher bills for military spending urged by the Reagan administration.

Belgium's center-right government has informed allies in the North Atlantic Treaty Organization that it cannot afford its share of the modern Patriot anti-aircraft system, a deficit that would leave a gaping hole in the alliance's integrated air defense network.

Britain has just cut \$360 million from its military budget and is seeking ways to curtail its tasks within NATO. The British Navy has suspended appeals to play an expanded role in the Mediterranean because its fleet is overburdened by the defense of the Falkland Islands.

The West German Army is anticipating an acute manpower shortage caused by a falling birth rate and a sharp increase in conscientious objectors. Last year, 60,000 West Germans, or one out of every six youths eligible for the draft, refused to serve in the armed forces because of anti-war convictions.

Last autumn, the Danish parliament voted to cancel its country's share of NATO's infrastructure costs for deployment of Pershing-2 and cruise missiles in Western Europe at the end of the year. The conservative minority government opposed the parliament's action. Denmark also has restricted the defense budget to a 0.5 percent increase this year. That is far short of the 3 percent annual increase, after inflation, that NATO members prescribed as a common goal for military spending in 1977.

Indeed, Europe's prolonged recession has compelled most governments to abandon the 3 percent mark as an impossible goal. Among NATO members, only Norway and the United States will increase defense spending by more than 3 percent this year.

"From our standpoint, the political situation within the alliance is the best it has been for more than a decade," explained a NATO policy planner. "But all of these governments are finding it extremely difficult to come up with the money that the military wants."

Recession Is Eroding Defenses

Recent elections have swept conservative governments to power in London, Bonn, The Hague and Brussels, creating what Washington perceived as a more sympathetic political coalition to invigorate Western Europe's defenses after what were deemed as years of neglect.

Even the Socialist-left government in France, a country that pulled out NATO's military command in 1966, unveiled plans for major improvements in its independent nuclear deterrent system upon taking office two years ago.

Yet at a time when Western Europeans are absorbed by the controversial deployment of Pershing-2 and cruise missiles, a more fundamental crisis is emerging from the grim recognition that an era of declining prosperity is staring to erode their defenses.

No matter what their ideological complexion, Western European governments are confronting the fact that austerity defense budgets mean that pilots will receive less training, ammunition stocks will be lower and plans for more sophisticated weapons will be postponed if not scrapped.

"It now looks like it will be extremely difficult to maintain current military structures," said a

West German planner at NATO headquarters. "For some countries, real increases in defense spending will be nearly impossible for the next five years."

U.S. Seeks More Allied Support

When NATO was created in 1949, the United States reigned as the world's dominant economic and military power, and its protection was coveted by West Europeans still struggling to rebuild from the ruins of war.

Today, at least six European nations have higher per capita incomes than the United States, and the Reagan administration, backed by Congress and public opinion polls, has urged the Europeans to spend more for their own defense.

European NATO members have responded with a report contending that they supply 80 to 90 percent of NATO land forces, airplanes and tanks, along with 70 percent of the alliance's warships.

They say that additional defense burdens would cripple their economies, weakened by four years of recession. The prospect of social unrest caused by mounting unemployment and welfare cuts, it is argued, also pose security risks that must be contained.

The Europeans have also contested U.S. requests to defend Western interests through what are labeled "out of area" commitments.

The U.S. strategy to defend the Gulf oil fields will require substantial allied help in providing transit facilities and picking up the defense slack on the Central European front if U.S. troops were suddenly dispatched to Middle East trouble spots.

But West European governments have balked repeatedly at the concept of extending NATO's defense perimeter. Their reticence has exasperated U.S. defense planners who believe that the Europeans are also dependent on Gulf oil and should not expect the United States to bear all the costs of protecting their energy supply channels.

Assessing the Enemy Threat

The simmering conflicts over budgets and regional responsibilities are intensifying just when the alliance is confronting the threat of protests this fall against the stationing of new medium-range nuclear missiles.

The danger, as seen from NATO headquarters, is that demonstrations could assume anti-American overtones. Attacks on U.S. military outposts could once again inflame congressional demands to pull out some or all of the 350,000 U.S. troops based in Western Europe.

Beyond those immediate concerns, European reluctance or inability to spend more money on defense reflects to some extent differing assessments among the allies of the military threat posed by Warsaw Pact forces.

There is perhaps greater shared disdain toward the Soviet government between Washington and West European capitals than at any time in recent memory.

Moscow's intervention in Afghanistan, the crackdown in Poland and the shooting down of the South Korean airliner with 269 people aboard have reinforced suspicions on both sides of the Atlantic about the Soviet military establishment.

But while the United States has responded with a more resounding military buildup, West European defense planners say their governments are not likely to bolster defense spending because, in their view, the actual military threat has not changed dramatically.

As a defensive alliance, NATO has never

tried to match the huge numbers of equipment and personnel fielded by the Warsaw Pact. Instead, the Western alliance has focused its efforts on deploying an array of deterrent forces capable of dissuading any Soviet strategist from thinking an invasion could be successful.

According to NATO estimates, for example, the Warsaw Pact possesses 42,500 tanks compared with 13,000 for the alliance. Yet, NATO planners and military officers at the Supreme Allied Headquarters near Mons in southwestern Belgium concede that the West still holds the edge because the American-made M-1 and West German Leopard-2 tanks are superior to the latest Soviet models, the T-72 and T-80.

Moreover, they said that tank personnel in the West are better trained and NATO's anti-tank defenses are more effective than rival systems in the East.

Communications problems and equipment breakdowns experienced by Soviet forces entering Czechoslovakia and Afghanistan have convinced some defense planners at NATO that allied defenses would hold up much better than expected in the event of war.

Surprise Attack on NATO Unlikely

The notion of a surprise attack from a "standing start" has been discredited in NATO intelligence circles because the alliance would have weeks of warning that aggressive actions were under way in the East.

"We would detect very quickly movements that predate an attack by about three weeks," explained a NATO defense planner. "Troops would have their leave canceled, submarines would be departing bases en masse, any number of things we would see well before D-Day arrived."

Soviet military strategy dictates that Warsaw Pact forces should probe for weak links in Western defenses and then pour waves of troops followed by fresh reinforcements through the breach.

A major weakness of the Soviet military structure, however, is its rigid and centralized command system that offers little initiative or flexibility to officers in the field.

NATO planners say this strict chain of command, as well as ponderous supply channels, provide numerous "choke points" where the West could disrupt an advance from the East.

The most glaring shortcoming, however, remains the unreliability of East European forces in any offensive thrust conducted by the Soviet Union, NATO officials admit. It is difficult to believe armies in Poland and Hungary would "dutifully march in lockstep" with the Russians.

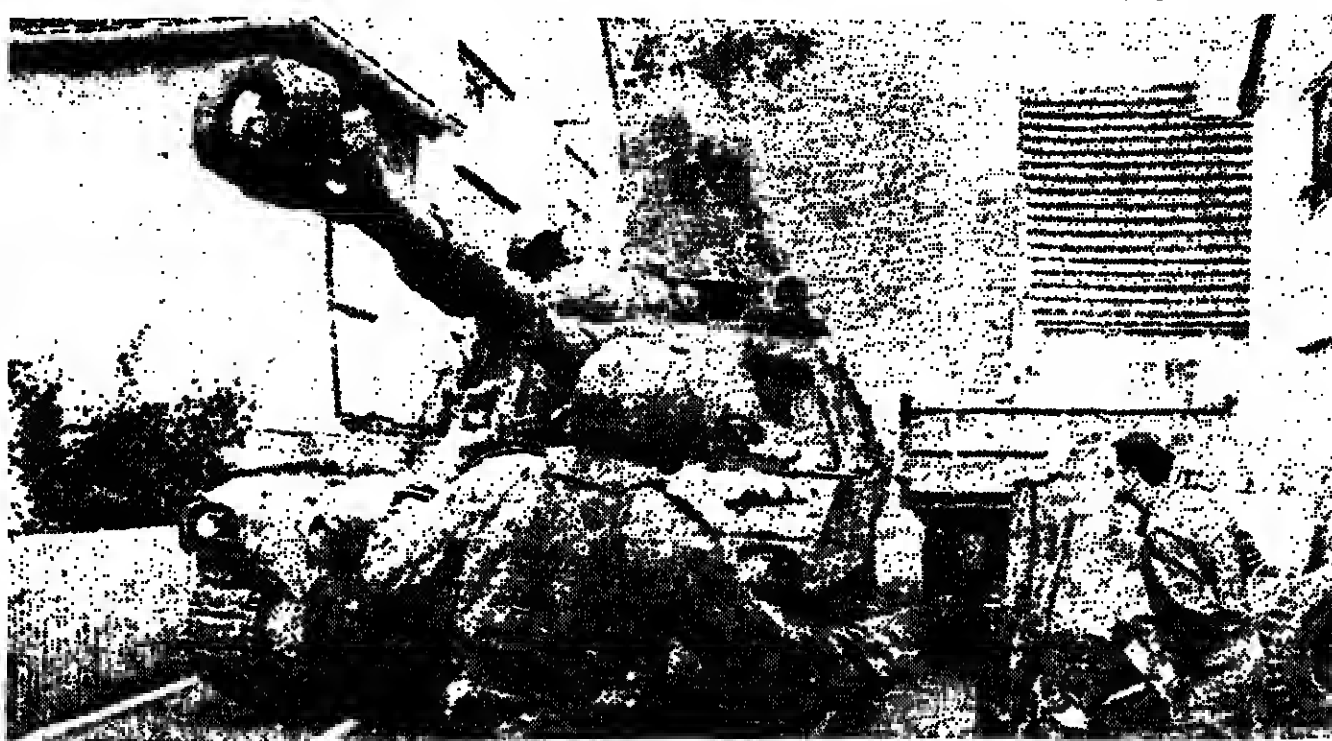
Quick Use of Nuclear Weapons

But U.S. General Bernard W. Rogers, NATO's supreme military commander, is far more impressed with Warsaw Pact capabilities and states that if an invasion occurred, he would be compelled to ask his political overseers for authority to use nuclear weapons "fairly quickly" to avoid being overrun.

"We have mortgaged our defense to the nuclear response," he said. "The plain fact is that if conventional war comes, we will simply be unable to sustain our forces for long with manpower, ammunition and war reserve stocks."

General Rogers could use American nuclear weapons in Europe with the permission of the U.S. president, but he would face a much more apprehensive response from European allied leaders.

"If he ever asks for such authority to deploy nuclear weapons, chances of him getting it are almost nil, unless the situation is simply out of hand," predicted a NATO policy planner.



A U.S. 155mm howitzer is guided through a village in West Germany during 1980 maneuvers by NATO. The supreme commander of the alliance doubts that conventional forces alone could stop a major invasion by the Warsaw Pact.

Allies Review Reliance on Nuclear Arms

By William Drozdiak

Washington Post Service

BRUSSELS — "We want no Euroshima." The phrase has become a popular slogan for the European peace movement that is mobilizing an autumn campaign of rallies, sit-ins and blockades to halt the deployment of Pershing-2 and cruise nuclear missiles planned to begin in December unless a surprise accord is reached in the Geneva arms talks.

While the peace crusaders may not block the stationing of these new middle-range missiles, they already have succeeded in stirring up so much public alarm about excessive reliance on nuclear deterrence that the North Atlantic Treaty Organization is exploring other strategies.

The issues of how high to raise the threshold against using nuclear weapons to stop an attack by the Warsaw Pact is developing into the most sensitive military debate of the decade for NATO.

General Bernard W. Rogers of the United States, NATO's supreme military commander, has said West European forces could not last much more than seven to 10 days against a full-scale assault from the East. Faced with the prospect of a complete rout, he would be forced to ask permission to use nuclear weapons in the early stages of battle, he said.

General Rogers said that if West European governments wanted to relieve public anxieties about NATO's need to use nuclear weapons quickly in a major conflict, they would have to spend more money on modern conventional weapons that can strike deep behind East bloc lines to disrupt supply and communications channels.

Only by taking advantage of the West's superiority in high technology, he said, can the alliance rest secure knowing that it could thwart a Warsaw Pact assault by knocking out the reinforcements that are crucial to a sustained Soviet-led assault.

General Rogers has called for a 4 percent yearly increase in military spending, after inflation, through the rest of the decade to finance an

impressive array of laser-guided missiles and anti-tank aircraft that he wants to include in the NATO arsenal.

This "insurance premium," he calculated, works out to an average of \$23 a year for every man, woman and child in the nations of the alliance.

By upgrading Western defenses in such a manner, General Rogers contended that the Soviet Union would then have to bear the burden of escalating any attack by deploying nuclear weapons.

He does not, however, advocate that NATO adopt a "no first use" doctrine in nuclear warfare because he wants to keep that risk uppermost in the minds of Soviet military planners.

General Rogers' plan has aroused skepticism in West European capitals, chiefly because governments fear that its cost could spiral out of control and also undermine, in the public mind at least, the rationale for nuclear missiles.

A British military planner at NATO criticized the strategy as "too modest and too ambitious." It does not eliminate the central role played by nuclear weapons in Western defense, he said, and at the same time it requires NATO governments to meet a spending goal beyond the current 3 percent goal that most of them have failed to achieve.

The Russians Could Retaliate

Other European defense strategists point out that such a scheme involving deep attacks in East bloc territory would effectively shift NATO military thinking from defensive concepts to attack-oriented aims.

More important, they said that such a transformation carried the risk of forcing the Soviet Union to adopt a more hair-trigger defense posture if the West attacked the capability of fast and accurate attacks on Warsaw Pact targets.

Moscow could feel compelled to move forward its own missile systems into East European countries, a step that also would require greater military presence and thus a more dominating role in East Bloc affairs.

West Germany's defense minister, Manfred Woerner, insisted in a Bundestag security debate recently that nuclear weapons have helped maintain peace, largely because the Russians realize that any military action against the West risks the possibility of nuclear conflict.

Bonn officials say that transferring too much emphasis to a conventional deterrent could tempt Moscow into thinking that it could launch a limited assault, without serious danger of either side deploying nuclear weapons.

To forestall that possibility, a NATO policy planner remarked, the alliance doctrine of flexible response "has always been to walk that fine line between perceived strength and vulnerability."

While the Rogers plan seems condemned for the moment since the NATO allies appear unable to meet the spending requirements, the gradual implementation of some of his concepts seems inevitable as NATO incorporates new generations of weapons such as the Pershing-2 and cruise missiles.

Looking to the future, NATO policy planners see the introduction of highly accurate missiles enlarging the battlefield area beyond a single, static front in Central Europe to the outer reaches of the continent.

They believe it will become even more difficult to contain the scale of a war because many new weapons, fired from air, sea or ground launchers, can carry conventional or nuclear warheads and explode with negligible warning time.

A defensive or retaliatory missile strike to knock out supply or communications points deep within East bloc territory could be misconstrued by a Soviet radar controller as an initial nuclear attack, thus provoking the escalating series of exchanges that NATO planners have feared as distinctions disappear between nuclear and conventional weapons carriers.

In an era of increasingly fast, accurate and more devastating weapons systems, as a West European defense planner at NATO headquarters said, "There is going to be a dangerously small margin between the controlled and uncontrolled hostility."

Lebanese Massacres: Truth Is Elusive

Charges by Druze, Christians Are Commonplace, but Evidence Is Scarce

By E.J. Dionne

New York Times Service

BEIRUT — Many innocent lives have been lost in the brutal fighting in the mountains around Beirut. Some of those lives — no one knows how many — may have been lost in massacres by Christian and Druze militiamen.

In a story typical of many being told here, a woman named Mary Njeim said that she saw her daughter shot to death in a street in Maser el Chuf by Druze militiamen.

Mrs. Njeim, a 55-year-old widow, said militiamen entered the home of Nagib and Zaznah Njeim, an elderly Christian couple who were distinctly related to her, and shot them and their grandson. A second grandson, she said, ran to the house of a local priest, the Rev. Antoine Aboud, where Mrs. Njeim and her 20-year-old daughter, Leila, were hiding. Mr. Aboud was slain when he went outside to see what the commotion was, Mrs. Njeim said. She said the grandson was shot as well and Leila was killed as she tried to escape down the street.

Mrs. Njeim ran to a friend's house and hid on a balcony, she said. Then she heard gunfire and explosions as about 15 gunmen moved from house to house.

Mrs. Njeim escaped behind Israeli lines and told her story recently at a news conference in Sidon. What is especially chilling about her description is that such reports became commonplace after fierce fighting between Druze and Christian militiamen began in Lebanon on Sept. 4. And since it is usually impossible to prove or disprove the charges by first-hand observation, the loss of innocent lives has become a propaganda tool as well as a reason for horror.

Denials on Both Sides

The Druze Progressive Socialist Party's militia denies that it has massacred any Christians, but it says that the militia of the Christian Phalangist Party has massacred Druze in at least three villages.

The Phalangists deny any guilt but say that at least 211 Christians have died at the hands of Druze or Palestinian fighters this month. They say that 141 other Christians have disappeared.

In the cacophony of press conferences, the horror of what may be happening in the mountains often gets lost. The word massacre itself has been devalued: The two sides speak of "propaganda massacres," those invented by the other side, and "real massacres," those they say have been carried out against their own people.

Some partisans on both sides acknowledge privately that when the truth is known about the massacres, neither side is likely to emerge with clean hands.

"The attitude on both sides often is that if women or children are in the middle of a battle, they are somewhere they don't belong," one Druze supporter said privately. The Druze, who asked not to be named, condemned this approach to warfare but said he feared that it had

been inevitable, given the kind of blood feud that is behind some of the fighting in Lebanon.

Some here argue that the massacre reports will ultimately prove exaggerated and that the personal friendships that exist between many Christians and Druze in the mountains served to contain the violence. Most Druze insist that they are hostile to the Phalangist militia, but not to Christians. The Christians say they have no personal animus against the Druze.

Still, history lends a certain credibility to massacre stories here.

The Christians who live in the Chuf mountains still speak of the 1960 massacre, in which, some historians estimate, as many as 2,000 Christians died at the hands of the Druze.

The Christians also point to a 1977 massacre of Christians by Druze after the killing of the Druze Progressive Socialist Party's leader, Kamal Jumblat. The killings, of perhaps 100 Christians, occurred despite the fact that the evidence pointed to Syrians as Mr. Jumblat's killers.

Druze charges against the Christian militia, meanwhile, are believed by many non-Christians and by some Christians as well since the killing of 900 to 450 Palestinians at the Sabra and Chatila refugee camps near here a year ago this month. That massacre is believed to have been done by Phalangist militiamen.

Phalangist Ruse Charged

The Christian militia has gone to particular lengths recently to report and document massacres. This may, in part, result from the fact that the Phalangist militia still bristles over reports of the Sabra and Chatila massacres, which it continues to insist, despite much evidence to the contrary, was a military action. But it is also true that the Phalangists largely lost the mountain war.

Some Druze charge that the Phalangists are using massacre reports to cover their defeat. "These Phalangists are smart," said one Druze. "They reduce their casualty figures and increase their massacre figures at the same time by listing their dead fighters as massacre victims."

"You tell me if a 100-year-old man would make a good fighter," said an angry Christian militia spokesman when asked about the Druze comment. "You tell me if children would make good fighters."

The fact that independent corroboration of the charges is difficult makes the current round of accusations very different from those against the Christian militia in the case of Sabra and Chatila.

Those massacres were carried out in the middle of Beirut, where hundreds of journalists were gathered. Beirut was not at war at the time, and as soon as word of the massacre of Palestinians spread, journalists flocked to the camps and were allowed inside. Their witnesses were not people speaking at partisan briefings, but men and women on the streets, selected as spokesmen by no one.

In the recent battles, the massacres were not reported in one large place, but in towns and villages throughout the mountains. A war was on, and many of the villages were inaccessible, or at least quite difficult to reach. The winning side in any given village was most often the accused party, and so by the time outside observers were allowed to reach a site, witnesses had fled and the evidence of slaughter could be hidden.

Agencies Maintain Independence

Finally, independent agencies have been reluctant to make their own assessments of what happened, partly because they are too busy trying to care for the living.

"Many people have asked us to confirm this one, or go there," said Laure Spezial of the International Red Cross mission here, "but that's not our job."

Such evidence as is available suggests that some gruesome events have certainly taken place.

Western diplomats with first-hand knowledge say that at Kfar Matta, where Christians are alleged to have slaughtered Druze, 20 bodies, of all ages and both sexes, were found in the street. Some reportedly had their throats slit.

The Phalangists early this month presented reporters with Druze witnesses from Kfar Matta who denied that a massacre had taken place. But the witnesses — refugees from Kfar Matta — were in the care of the Christian militia at the time. They were also interviewed in the presence of Phalangist militiamen and appeared not to have been at the site when the massacre is alleged to have taken place.

A Typically Complex Case

The case of Bhamdoun, where Christians are alleged to have been massacred, has produced a tangled set of reports that illustrate how complex the task of getting at the truth will be.

Reports reaching Western diplomats say the Christians killed in Bhamdoun were sympathizers of the main Druze group, the Progressive Socialist Party led by Walid Jumblat. According to these reports, the Christians stayed behind believing that they would be welcomed, only to be killed by Druze militiamen hostile to Mr. Jumblat's party.

An official of the Phalangist militia said he believed that the killings were in fact carried out by Mr. Jumblat's men, but he added that the militia had not even included Bhamdoun on its list of massacres because it lacked sufficient information.

To complicate matters further, some reports reaching Western diplomats said that some Christians had been saved by members of Mr. Jumblat's party, and by fighters from the Popular Front for the Liberation of Palestine.

Finally, some Druze asserted that the pro-Jumblat Christians had been killed by anti-Jumblat Christians, while other Druze said that no massacre had taken place at all.



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BUSINESS BRIEFS

Broken Hill Chairman Says Earnings Soared 43% in Firm's 1st Quarter

MELBOURNE (Reuters) — Broken Hill Proprietary Co.'s fiscal first-quarter profit rose 43 percent to \$123.4 million from \$86.1 million a year earlier, the chairman, James McNeill, said Tuesday.

Sales rose 6.7 percent to \$1.27 billion from \$1.19 billion. Mr. McNeill said no single quarter is likely to be representative of the full year, but added: "I do not dispute the fact that I am pleased we are off to a much better start."

BHP said a \$10.6 million profit by its steel division in the first quarter ended Aug. 31 was achieved despite a reduction in sales and revenue. The improvement from a year earlier loss of \$9.8 million followed cost reductions and a rationalization program.

In Tokyo, banking sources said that arrangements by international banks are expected to be worked out by late next month for the proposed project financing of as much as \$1.125 billion to BHP. BHP said on Sept. 19 that it was arranging finance for the acquisition by it and prospective joint ventures of Utah International Inc.'s Queensland coal assets from General Electric Co.

Directors Vote to Liquidate Heller

CHICAGO (NYT) — Walter E. Heller International Corp., a financial holding company that has specialized in lending to small and middle-sized companies, said its directors have voted to liquidate the concern and distribute the proceeds to shareholders.

Citing uncertainty over earnings and interest rates until the dissolution becomes effective sometime in 1984, Franklin A. Cole, Heller's chairman, said Monday that the company could not "project proceeds likely to be distributed to common shareholders." But analysts said they expected the owners to receive between \$30 and \$32 a share.

Earlier the company had announced agreements to sell all of its operating subsidiaries for about \$700 million. The company ran into trouble this year when many of its small clients were unable to repay their borrowings.

Chrysler Raises Average Price 1.9%

DETROIT (UPI) — Chrysler Corp. said the average price of its 1984 models is increasing about \$191 per car, or 1.9 percent.

The announcement means that Big Three average auto prices are increasing to \$10,933, a rise of about 2.2 percent, or \$241 per car, this autumn. Chrysler's increase is the lowest of the three. The 2.2 percent industry increase is about the same as the 1983 model year. Before the industry recession, automakers usually increased prices about 5 percent.

General Motors Corp. has said its car prices, which include federally mandated engineering changes, will cost an average of \$280 more this autumn, a rise of about 2.4 percent. Ford Motor Co. cars will go up 2.3 percent, or \$254. The average 1984 Chrysler car will cost around \$10,000, compared with \$11,600 at GM and \$11,200 at Ford, sending the average cost of a 1984 car to \$10,933.

Digital Introduces Personal Computer

NEW YORK (Reuters) — Digital Equipment Corp. introduced Tuesday the Rainbow 100 Plus personal computer system, which it intends to market to small- and medium-sized businesses and managers in large corporations.

The company also announced a comprehensive investment protection plan for personal computer buyers.

Digital, the second-largest computer maker, said at a press conference that the new computer and the service package affirm its "aggressive commitment to the market and the buyer." It said the total system price for the Rainbow 100 Plus is \$6,295.

Lawsuit Filed Against Merrill Lynch

NEW YORK (AP) — A federal court has been asked to hold Merrill Lynch & Co. responsible for any losses suffered by thousands of people who bought annuities it sold for Baldwin-United Corp.

The lawsuit was filed Friday, three days before Baldwin-United sought protection from creditors under federal bankruptcy law, and seeks status as a class action in behalf of all those who bought Baldwin-United's single-premium deferred annuities through Merrill Lynch.

Chevron Not in Social's Europe Sale

ROME (Reuters) — Standard Oil Co. of California's Chevron Oil Italia said Tuesday it is not included in a Venetian deal announced Friday for Texaco Inc. to acquire Social's northwest European marketing and refining operations.

A Chevron spokesman said the company would also keep its central laboratories at Pernis in the Netherlands, its aviation and marine fuel and lubrication activities, its interests in the Calpan companies in Belgium and Luxembourg and its 50-percent share in a West German refinery owned jointly with Texaco.

U.S. Technology Sales To China Seen Soaring

WASHINGTON — Commerce Secretary Malcolm Baldrige said Tuesday that a new trade policy was nearly completed that could increase U.S. technology exports to China by 75 percent.

Mr. Baldrige, giving a general outline of the new technology guidelines to a special House subcommittee on trade with China, said details of the so-called technological transfer policy would be made available after consultation with the United States' allies.

Mr. Baldrige said the new guidelines would be divided into "green, intermediate and red zones," with green representing products having a minimum security risk that would receive routine clearances, intermediate being goods to be reviewed case by case and red being products that would get no clearance.

"The green zone represents a major change in our policy," he said, "because almost 75 percent of (Chinese) applications will fall within the green zone."

About \$800 million of exports requiring U.S. licenses because of possible conversion for military application were sent to China last year, he said. "That could go up to \$2 billion in the reasonably near future — the next year or two," he said.

■ **New Joint-Venture Rules**
Earlier, Christopher S. Wren of The New York Times reported from Beijing:

China has issued new regulations aimed at attracting greater foreign investment by giving more preferential treatment to joint ventures. Several Western business sources

Fri days
in the Trib.

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Technology

Eastern Airlines Warns Workers

Reuters

MIAMI — The chairman of Eastern Airlines, Frank Borman, who has asked employees to take a 15-percent pay cut as of Nov. 1, says the alternative would be to close the airline down or file for protection under Chapter 11 of U.S. bankruptcy laws.

In a videotaped message to employees, Mr. Borman said Monday that he "presented three choices" to the Eastern board at a meeting Sept. 14: "shut the airline down to la Barmif, ... to file for protection under Chapter 11 of the bankruptcy act to la Continental" or to "try to reduce the basic cost structure of the airline, and since 75 percent of our controllable costs are labor rates, this is our choice."

Under Chapter 11, a company continues to operate under court protection from creditors.

Continental Airlines Resumes Flights With Fewer Routes and Lower Fares

Compiled by Our Staff From Dispatches

HOUSTON — Continental Airlines resumed limited operations Tuesday with a schedule trimmed from 78 U.S. destinations to 25 and special one-way fares of \$49 on all nonstop domestic flights through Friday.

The airline filed Saturday for protection from its creditors under U.S. bankruptcy laws, laid off 65 percent of its 12,000 workers and cut the salaries of the rest.

The first flight left Houston International Airport at 7:31 A.M. headed for Lafayette and Baton Rouge, Louisiana, with only six passengers on the 90-seat DC-9. No telephone reservations had been accepted. A flight to Houston and New Orleans left Denver about the same time with 28 persons aboard a DC-9, Continental workers said.

The filing for protection was the second by a major U.S. carrier,

with Texas-based Braniff International going to bankruptcy court last year.

A few employees at the Houston departure gate cheered as Flight 688 took off approximately 62 hours after the air carrier had filed for protection from creditors owed \$650 million.

Unions have called the filing a ploy to void labor contracts. On Monday, the unions said that they would not interfere with Continental's resumption of flights but that the plan was a "moral abuse" of the bankruptcy laws.

Henry A. Duffy, president of the Air Lines Pilots Association, said his union had not decided on a strategy to use against Continental. He said the association's Continental unit would meet Wednesday in consideration of options.

"We, frankly, did not think ... injunctive relief would be successful so we have not done that," he

said. "We feel the basic airline industry is being damaged irreparably. We think safety, eventually, will be eroded."

Continental's court filing followed the carrier's unsuccessful 18-month attempt to gain changes in work rules and pay reductions amounting to \$150 million.

"The company would have run out of money by the end of the year," said Continental's chairman, Frank Lorenzo. "We could not continue to go the way we were going."

Under the new plan, pay for veteran pilots was cut almost in half — to \$43,000 a year from \$83,000. Flight attendants had their salary cut to \$15,000 a year from an average of \$28,000 and ticket agents to \$7,500 an hour from \$9.

The new service, using 46 of the carrier's 109 jets, features \$49-or-less fares Tuesday through Friday and fares of \$75-or-less between Oct. 1 and Oct. 15, Mr. Lorenzo said.

Although the company is not in an immediate cash bind, it has \$650 million of debts and \$800 million in assets, including \$50 million in cash, Mr. Lorenzo said. Its parent, Texas Air Corp., reported that it had \$105 million in liquid assets if needed.

One city Continental no longer will serve is Detroit, leaving thousands of people holding three-day, \$99 "Mother's Day Special" tickets, purchased in May, travel agents said.

"The special offered tickets for \$99 to anywhere on Continental routes," said Annette Langdon, owner of Elkin Travel in Detroit. "A lot of people bought tickets to Los Angeles or even to New York City, via Houston." Travel agents said they would not give refunds until they are told whether Continental will reimburse them.

Japanese Output Rose in August

United Press International

TOKYO — Spurred by brisk exports, Japan's industrial production in August increased 2.8 percent above the level of a year ago, the Ministry of International Trade and Industry reported Tuesday.

The ministry said it was the fourth consecutive monthly gain and the highest rate of growth since a 3.7-percent increase in February 1980. Ministry officials attributed the growth to brisk exports.

Changes on London's Stock Exchange May Rewrite Old Definition of Jobbers

(Continued from Page 9)

own account, it cannot be accused of recommending certain shares to investors merely to fob off unwanted inventory.

The government, too, has expressed a desire to preserve the system, at least for the time being. But jobbers concede that single capacity could have in under the pressure of heavier competition.

The keystone of the agreement with the government is a plan to phase out minimum commissions over the next three years. Commissions on big orders — particularly in gilts, or government bonds — are expected to fall.

If the squeeze on profits grows too painful for brokers, they may be tempted to match buyers and sellers themselves. The jobbers, deprived of business, would then be tempted to deal directly with the public.

Such pressures, according to the conventional wisdom, could create irresistible demands for abolition of single capacity.

Executives at all of the top five London jobbers say they still think single capacity can be preserved for trading in domestic shares and gilts. But for dealings in foreign securities, they expect to be freed from London's restrictions.

Jobbers now can deal only with designated banks and brokers in trading foreign securities. One of the first rule changes, the jobbers say, should allow them to deal with anyone in foreign securities.

"We have had our trousers around our ankles in the international market, which is where we

see our growth coming from," one jobber said.

Bisgood, Bishop & Co., which has been trading some U.S. shares since 1981, plans to start trading West German shares on Oct. 3. Later it plans to branch out into shares from Scandinavia, the Netherlands and Belgium.

The firm sees potential for offering low-cost dealing to Americans unfamiliar with European share markets. "When the rules change, said Rory Forrester, a Bisgood director, "we want to be in a position to compete with anybody."

Smith Bros., another big jobber, plans to open a New York office Oct. 17, mainly to trade South African and Australian shares. The firm has had a small operation in Los Angeles for five years.

Akroyd & Smithers this year bought the 45 percent it did not already own of Cohen Delaire & Kaufman, a small New York securities house, and is changing the name to reflect the new ownership. Eventually, said Stephen E.J. Raven, an Akroyd director, it would make sense to "complete the time triangle" with an office in Asia. "We believe that securities dealing is going to be more international," he said.

Even so, the City of London will fight hard to preserve the rules that prevent foreign shareholders from gaining control of British jobbers and brokers. "God forbid that we have American brokers telling us how to fund our debt," snuffed one jobber.

For their overseas dealings, however, the jobbers acknowledge that

they might need more capital to compete with the American, Swiss and Japanese giants. Forming joint ventures overseas, while preserving independence at home, would be "quite possible," said Wedd's Mr. Ferguson.

Should the single capacity system break down in domestic securities, the jobbers would have to drum up clients. Mergers with brokers would be one obvious route. A danger for jobbers would be the loss of key staff members to brokers willing to pay huge salaries for trading talent.

"It's up to us to make their remuneration fully competitive," said Timothy Jones, chairman of Akroyd.

Jobbers disagree about whether the coming changes are likely to be revolutionary or, more in the British character, gradual and dignified.

"What is going to happen is going to be completely revolutionized dealing in London," said Bisgood's Mr. Forrester, who made it clear he thought jobbers would benefit.

David Steen, a partner at the jobbing firm of Pinchin, Denny & Co. and a member of the Stock Exchange council, is not so sure. "I think a lot of guys are running around in London like a bunch of headless chickens," he said. "It may well be that the results won't be very dramatic."

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Following marginal symbols indicate frequency of quotations supplied for the fund: (d)—daily; (w)—weekly; (m)—monthly; (q)—quarterly; (r)—regularly; (i)—irregularly.

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Tuesday's AMEX Closing

Vol. of 4 p.m. 6,750,000
Prev. Consolidated Close 7,410,000

Tables include the nationwide prices
Up to the closing on Wall Street

12 Month High Low	Stock	Div. Yld. PE	12 Month High Low	Stock	Div. Yld. PE	12 Month High Low	Stock	Div. Yld. PE	12 Month High Low	Stock	Div. Yld. PE
21.50	COI	2.06 1.5 12	22	21.50	COI	2.06 1.5 12	22	21.50	COI	2.06 1.5 12	22
19.50	COI	2.06 1.5 12	22	19.50	COI	2.06 1.5 12	22	19.50	COI	2.06 1.5 12	22
18.50	COI	2.06 1.5 12	22	18.50	COI	2.06 1.5 12	22	18.50	COI	2.06 1.5 12	22
17.50	COI	2.06 1.5 12	22	17.50	COI	2.06 1.5 12	22	17.50	COI	2.06 1.5 12	22
16.50	COI	2.06 1.5 12	22	16.50	COI	2.06 1.5 12	22	16.50	COI	2.06 1.5 12	22
15.50	COI	2.06 1.5 12	22	15.50	COI	2.06 1.5 12	22	15.50	COI	2.06 1.5 12	22
14.50	COI	2.06 1.5 12	22	14.50	COI	2.06 1.5 12	22	14.50	COI	2.06 1.5 12	22
13.50	COI	2.06 1.5 12	22	13.50	COI	2.06 1.5 12	22	13.50	COI	2.06 1.5 12	22
12.50	COI	2.06 1.5 12	22	12.50	COI	2.06 1.5 12	22	12.50	COI	2.06 1.5 12	22
11.50	COI	2.06 1.5 12	22	11.50	COI	2.06 1.5 12	22	11.50	COI	2.06 1.5 12	22
10.50	COI	2.06 1.5 12	22	10.50	COI	2.06 1.5 12	22	10.50	COI	2.06 1.5 12	22
9.50	COI	2.06 1.5 12	22	9.50	COI	2.06 1.5 12	22	9.50	COI	2.06 1.5 12	22
8.50	COI	2.06 1.5 12	22	8.50	COI	2.06 1.5 12	22	8.50	COI	2.06 1.5 12	22
7.50	COI	2.06 1.5 12	22	7.50	COI	2.06 1.5 12	22	7.50	COI	2.06 1.5 12	22
6.50	COI	2.06 1.5 12	22	6.50	COI	2.06 1.5 12	22	6.50	COI	2.06 1.5 12	22
5.50	COI	2.06 1.5 12	22	5.50	COI	2.06 1.5 12	22	5.50	COI	2.06 1.5 12	22
4.50	COI	2.06 1.5 12	22	4.50	COI	2.06 1.5 12	22	4.50	COI	2.06 1.5 12	22
3.50	COI	2.06 1.5 12	22	3.50	COI	2.06 1.5 12	22	3.50	COI	2.06 1.5 12	22
2.50	COI	2.06 1.5 12	22	2.50	COI	2.06 1.5 12	22	2.50	COI	2.06 1.5 12	22
1.50	COI	2.06 1.5 12	22	1.50	COI	2.06 1.5 12	22	1.50	COI	2.06 1.5 12	22
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Sept. 27

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Sept. 27[illegible]

Washington Post Service

Many analysts had suggested

The agreement leaves Alleghany with only one major asset — its steel company. But F.M. Kirby, Alleghany's chairman, said the arrangement would "greatly accelerate" the company's evolutionary progress.

By Kenneth B. Noble

"My sale of Warner Securities in November and early December 1982 were motivated strictly by investment and tax plans made in early 1982," Mr. Groth said.

ETS WEICK - 22, Ave

...is available for all que

[illegible]

East and Overseas.

1. *Journal of the American Medical Association*, 1990; 263: 1025-1028.

Los Angeles, Toronto, Hong Kong, Sydney Associated Companies in: São Paulo, Hong Kong, Bangkok, Singapore, Kuala Lumpur, Jakarta, Manila, Melbourne, Sydney

the *Journal of the American Medical Association* (JAMA) and the *New England Journal of Medicine* (NEJM) are the most widely read journals in the United States. The *Journal of the American Medical Association* (JAMA) is a weekly journal that covers a wide range of medical topics, including clinical medicine, public health, and medical education. The *New England Journal of Medicine* (NEJM) is a weekly journal that focuses on clinical medicine and public health. Both journals are highly respected and are considered essential reading for medical professionals.

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A new venture in Children's TV

World Audio Visual Entertainment PLC is a new independent television production company. Its first venture is the production of The Children's Series, for sale internationally, of 390 half-hour episodes.

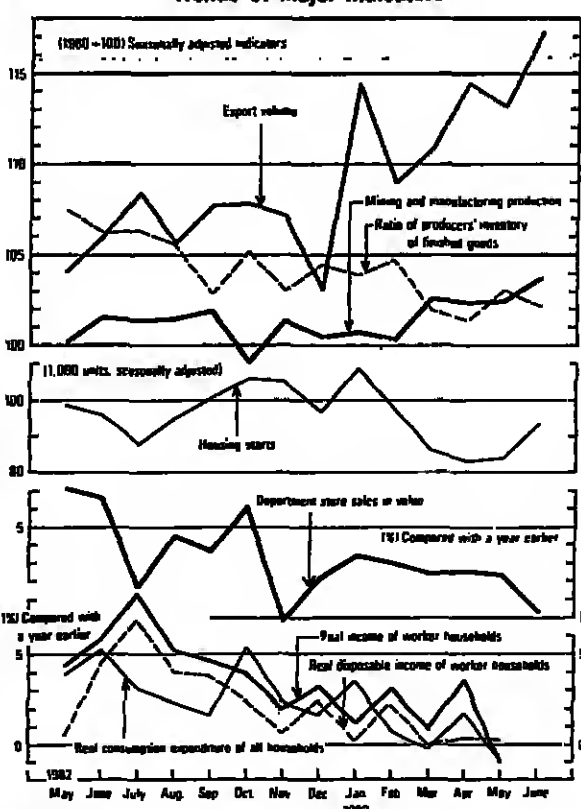
The series makes use of both live and library material in a magazine format, to explain and explore the world of natural phenomena, human behaviour and technology, and has both entertainment and educational value. The format allows for the use of different languages which enables programmes to be tailored for the individual requirements of the regional stations buying and transmitting the programme.

WORLD AUDIO VISUAL ENTERTAINMENT PLC

18 Great Marlborough Street, London W1V 1AF Telephone: 01-439 9596

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Trends of Major Indicators



Sources: Ministry of Finance, "Trade Statistics"; MITI, "Trend of Mining and Manufacturing Production," "Department Store Sales Statistics"; Ministry of Construction, "Housing Construction Starts Statistics"; Prime Minister's Office, "Report on Household Budget Survey".

policy measures? As in the preceding fiscal year, public works spending is being stepped up, with the aim of concluding 72.5% of the entire year's contracts in the first half of the year. Public works contracts concluded by the end of May were 40.5% of the total and higher than the 39.0% concluded by the same date last year. However, the value of these contracts was ¥3 trillion smaller than in the preceding year. Although there are voices

Having run out of effective policy measures, what can the monetary authorities do now? They should give clear-cut direction to long-term economic management, the

The economic and fiscal situation, as they are, the Cabinet on July 12 set the ceiling for budgetary requests for fiscal 1984 10% below the ceiling for fiscal 1983. Although public works were exempt from the ceiling, the government still applied. That being the case, expansion of domestic demand by fiscal outlays appears

Steering of policy remains difficult

Is it possible, then, stimulate domestic demand

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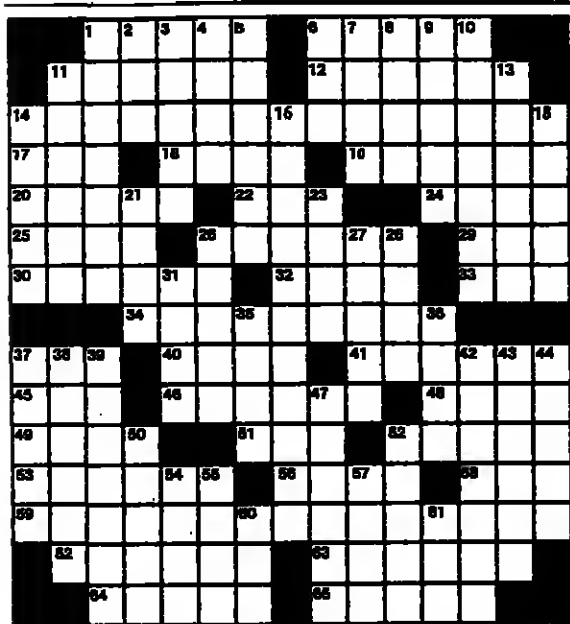
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The next DKB monthly report will appear Oct. 26.

CROSSWORD



ACROSS

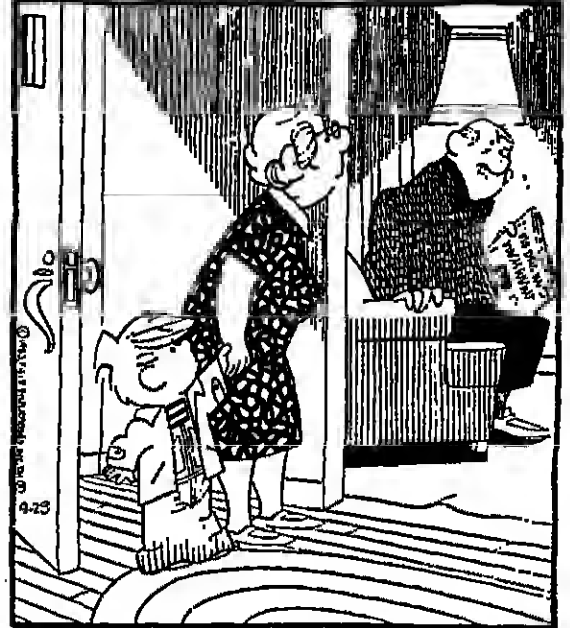
1 "Kiddo," e.g.
6 Model
11 Pearl or Bill
12 Kind of slipper
14 Aria from Bernstein's "Candide"
17 Nancy's partner
18 Musical native
19 Group containing 100
20 Come in
22 Musical syllable
24 Cézanne's summers
25 A Churchill successor
26 Poor
28 Before, to
29 Tennyson
30 Live
32 Nobelist in Medicine: 1947
33 Feminine suffix
34 Swashbuckler of fiction
37 Madison Ave. creations
40 Ran, as dye
41 Wagnerian heroine
42 Actor Ayres
43 Shawl for Conchita
48 Abroad
49 Impasse
51 Native of the lower Niger

DOWN

52 Basil and garlic sauce
53 Proposal on Capitol Hill
54 Painter
56 Debut
58 Strouse
59 Adams time: 1860
62 Bonus of a kind
63 Pastry restaurant
64 Extend a subscription
65 Make merry
1 Bernadette et
2 Kindled
3 Communion table
4 do-well
5 "Son of" in Arabic
7 June honorees
8 Czech river
9 Swell, to de Gaulle
10 Hair
11 Rendi's "—"
12 Bacon—even keel
13 Spuds
14 Germaine, the feminist
15 Magical formula
16 What needs signifying

© New York Times, edited by Eugene Maleska.

DENNIS THE MENACE



I DIDN'T TELL HIM I'D TAKE HIM TO THE ZOO, I SAID HE BELONGED IN THE ZOO!

JUMBLE

Unscramble these four Jumbles, one letter to each square, to form four ordinary words.

RINED

TROIB

SENCHO

GYSSAR

Now arrange the dotted letters to form the surprise answer, as suggested by the above cartoon.

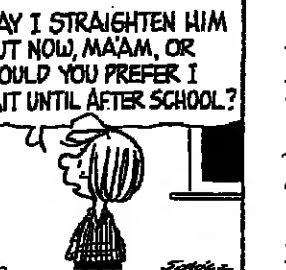
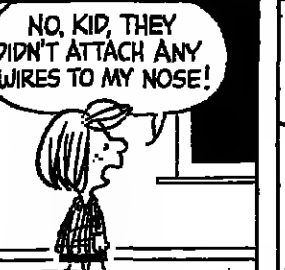
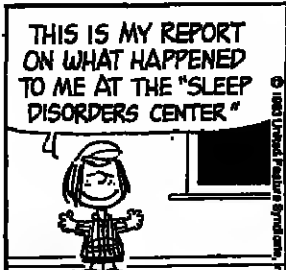
Answer: USE

WEATHER

EUROPE		ASIA	
High	Low	High	Low
Amsterdam	21 10	Bangkok	30 24
London	18 10	Beijing	28 18
Paris	18 10	Hong Kong	28 20
Berlin	18 10	New Delhi	30 24
Brussels	18 10	Seoul	24 18
Frankfurt	18 10	Shanghai	24 18
Geneva	18 10	Singapore	30 24
Madrid	18 10	Tokyo	24 18
Munich	18 10		
Nice	18 10		
Porto	18 10		
Rome	18 10		
Stockholm	18 10		
Vienna	18 10		
Zurich	18 10		

WEDNESDAY'S FORECAST — CHANNEL: Smooth. FRANKFURT: Fair. Temo: 2-10 (2-10). NEW YORK: Fair. Temo: 2-10 (2-10). PARIS: Fair. Temo: 2-10 (2-10). ROMÉ: Cloudy. Temo: 15-21 (15-21). TEL AVIV: Fair. Temo: 2-10 (2-10). ZURICH: Fair. Temo: 2-10 (2-10). BANGKOK: Thunderstorms. Temo: 2-10 (2-10). HONG KONG: Fair. Temo: 2-10 (2-10). MANILA: Rain. Temo: 2-10 (2-10). SEOUL: Rain. Temo: 2-10 (2-10). SINGAPORE: Thunderstorms. Temo: 2-10 (2-10). TOKYO: Rain. Temo: 2-10 (2-10).

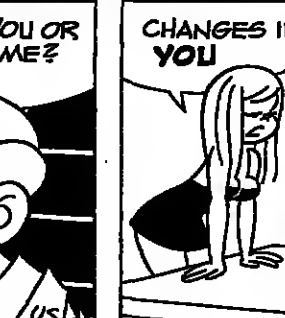
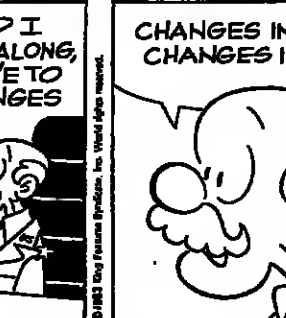
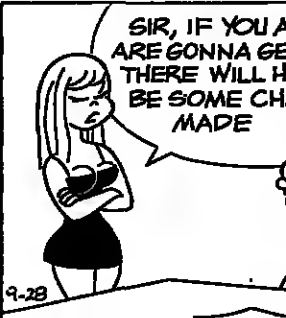
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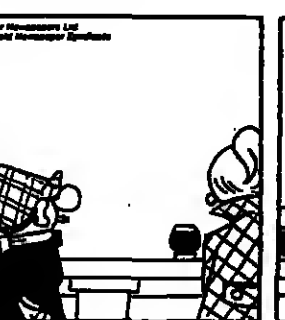
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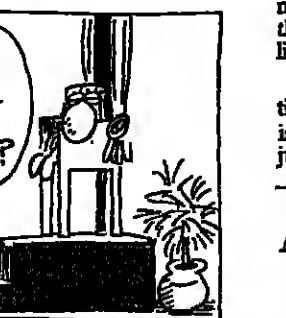
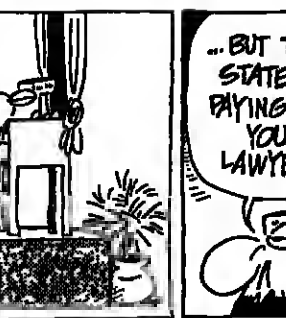
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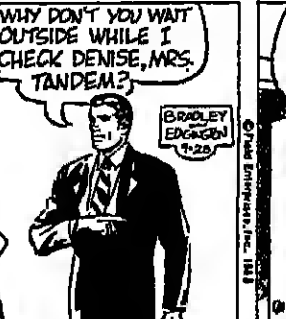
ANDY CAPP



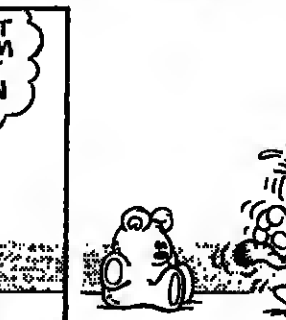
WIZARD of ID



REX MORGAN



GARFIELD



PERPETUAL MOTION

By Graeme Gibson. 283 pp. \$12.95.
St. Martin's Press; 175 Fifth Ave., New York, N.Y. 10010.

Reviewed by Anatole Broyard

GRAEME GIBSON, author of "Perpetual Motion," comes highly recommended. Annie Dillard calls his book "An important, powerful, moving novel," written in "a wholly original idiom." Alice Munro says that "it brings our recent past so marvelously to life—its comedy and darkness, adventure, obsession, and terrible necessary delusions." According to the dust wrapper of "Perpetual Motion," Gibson lives with the novelist Margaret Atwood in Toronto, and I suppose that this too constitutes a literary endorsement.

But after puzzling over his book and swinging this way and that, I'm not sure it works. Gibson is so good at description—that disappearing art—that he sometimes seems to get lost in it, to forget what he was driving at, assuming that he had such an object.

An equestrian in a circus has thighs "like the neck of God." At a public hanging, the crowd cries out to the victim to "die like a man!" When they discover that he has refused to give them his last words, they are furious, as if on the brink of death he might have revealed to them a final truth. Robert Fraser, the hero of the book, is obsessed with discovering the secret of perpetual motion, as if he could stop time, or even arrest mortality. When he visits a professor who is also working on this problem, he is stupefied by the magnitude of his machine, which "sprawled serene and immutable, freed by intelligence from all the woes and joys that burden and exhaust the human body."

Robert discovers the bones of a hairy mammoth in a field on his farm and rigs it up in a wagon for a traveling exhibition, which never comes to much. When a flock of pigeons, which he estimates at 8,928,088,000, passes over his land, he becomes rich by supplying the hunters who net them and shoot them down by the millions. Always over the fields can be heard the dying lament of 100,000 orphaned squabs.

The machine, the mammoth, the pigeons—each of these is a powerful image, well drawn, but I could never discover how they were meant to fit together. One of course can fall back on broad generalizations—the pigeons and the mammoth are elemental forces of nature mocking the perpetual motion machine, the petty lust for progress—but fiction doesn't live by loose generalizations.

One of the troubles with "Perpetual Motion," lies in Gibson's characters. Only Robert is really interesting, his wife and daughter are just shadows—but he stays inside himself so

Alice's Bed Is Sold

LONDON — A four-poster bed slept in by the girl who inspired Lewis Carroll to write "Alice in Wonderland" has been sold for \$24,000 at auction. The bed was part of the contents of Upton House in western England, sold by Malcolm St. Clair and his wife, Mary. Mrs. St. Clair is the only granddaughter of Alice Liddell, who was Carroll's model for Alice. A London antique dealer bought the bed but declined to say what he planned to do with it.

BOOKS

resolutely that there is no friction, no contact between the book's people, nothing you can get emotionally engaged in. Robert's mad energy is rather like Gibson's, whose prose too seems bent on perpetual motion without much tangible issue.

The book has all the other virtues of what we call regional literature. It's full of signs, sounds, smells, tall tales of children who die of old age, "shrinking like dried fruit, octogenarians before they're eight." There's a reasonable amount of bawdiness, testifying to the robustness of those who live close to the land. And Gibson understands the folk speech of the second half of the 19th century. "This Lord is better than a woman says," "this Lord is better than a woman says," "this Lord is better than a woman says."

It's tempting to say that it would be worth your while to read "Perpetual Motion" for its texture alone, but I think that might be expecting too little from fiction. While I'm grateful to Gibson for what he has given me, I also feel that he's added to the general confusion. If he took more interest in his characters, I believe he would find that they would inevitably connect those large, floating metaphors of his. Whatever else you may say about people, they have a propensity for connection.

Anatole Broyard is on the staff of The New York Times.

BEST SELLERS

This list is based on reports from more than 1,400 bookstores throughout the United States. Weeks on list are not necessarily consecutive.

FICTION		Weeks on List
1	POLAND, by James A. Michener	1
2	CHANGES, by Danielle Steel	2
3	THE NAME OF THE ROSE, by Umberto Eco	3
4	AUGUST, by Judith Rossner	4
5	HOLLYWOOD WIVES, by Jackie Collins	5
6	THE RETURN OF THE 13th, by John D. Vinge	6
7	WHO KILLED THE ROBINS FAMILY, by Bill Alder and Thomas Chesson	7
8	WINTER'S TALE, by Mark Helprin	8
9	CHRISTINE, by Stephen King	9
10	THE LITTLE DRUMMER GIRL, by Nicola Bayley	10
11	THE SEDUCTION OF PETER S., by Lawrence Sanders	11
12	THE AUERBACH WILL, by Stephen Bingham	12
13	MONOMO, by Robert Moss and Armand de Borghese	13
14	EVERYTHING AND MORE, by Jacques Tati	14
15	HEARTBURN, by Nora Ephron	15

NONFICTION		Weeks on List
1	IN SEARCH OF EXCELLENCE, by Thomas J. Peters and Robert H. Waterman	1
2	MEGA-TRENDS, by John Naisbitt	2
3	THE ONE MINUTE MANAGER, by Kenneth Blanchard and Spencer Johnson	3
4	ON WINGS OF EAGLES, by Ken Follet	4
5	CREATING WEALTH, by Robert G. Allen	5
6	OUT ON A LIMB, by Shirley MacLaine	6
7	JANE FONDA'S WORKOUT BOOK, by Jane Fonda	7
8	BLUE HIGHWAYS, by William Least Heat Moon	8
9	NOTHING DOWN, by Robert G. Allen	9
10	MOTHERHOOD, by The Secord	10
11	THE BEST OF JAMES HERRIOT, by James Herriot	11
12	GROWING UP, by Russell Baker	12
13	HOW TO SATISFY A WOMAN EVERY TIME, by Nora Bayden	13
14	THE EIGHTH DAY, by Dan Kiley	14
15	THE LAST LION, by William Manchester	15

BRIDGE

By Alan Truscott

ON the diagramed deal, West led a club. Passive defense then left the declarer with a problem in diamonds that he failed to solve. What South tried eventually, after drawing trumps, was to lead the diamond jack from dummy. This would have worked if East had begun with a singleton or doubleton diamond honor, but he failed.

NORTH		SOUTH	
AKQJ10	AKQJ10	AKQJ10	AKQJ10
AKQJ10	AKQJ10	AKQJ10	AKQJ10
AKQJ10	AKQJ10	AKQJ10	AKQJ10

Other Markets

Closing Prices in local currencies

Amsterdam		Brussels	
ABN	278.50	ABN	278.50
ABN	278.50	ABN	278.50
ABN	278.50	ABN	278.50

Canadian Stock Markets

Prices in Canadian cents unless marked \$

Toronto		Montreal	
700 Alcan	28.00	700 Alcan	28.00
700 Alcan	28.00	700 Alcan	28.00
700 Alcan	28.00	700 Alcan	28.00

Private Bank Unit's Capital

COPENHAGEN — Private Bank is increasing the capital of its London subsidiary, Private Bank Ltd., by 150 million kroner (\$15.74 million), the bank said Tuesday.

London		Paris	
AA Corp	28.00	AA Corp	28.00
AA Corp	28.00	AA Corp	28.00
AA Corp	28.00	AA Corp	28.00

Canadian Indexes

Sept. 27

Toronto		Montreal	
3000	465.44	3000	465.44
3000	465.44	3000	465.44
3000	465.44	3000	465.44

Montreal: Stock Exchange Industrials Index. Montreal: 155.00 Index.

Montreal: 155.00 Index.

The Pain in Spain: Maradona's Feeling It

who a decade ago observed East German techniques in relaxing nervous Olympic competitors and who, having used similar methods on swimmers and rowers and lectured in the United States, has recently been at work on Torbjörn Nilsson.

Nilsson is the big, deceptively nimble center forward who helped IFK Göteborg win the UEFA Cup two seasons ago. He now plays for Sweden under its present management, but enjoys popping in goals for his new employer, West Germany's Kaiserslautern.

And, *Vorsichtmann*, sitting West

And Kaiserslautern visits Watford, the surprise team in England last season. With a 3-1 lead thanks

mainly to Nilsson. Said to lack the killer instincts, the Swede nipped in for a brace of goals while Watford slept. Nilsson, presumably, was wide awake. Or was he an automatic pilot? His professor's pre-match "mental preparation" includes hypnotherapy.

Now there could lie the answer to soccer's ills. The Maratonas of this world could survive intact if only some professor would neutralize the killer instincts in Spanish thugs, and even Polish soccer wanderers might be convinced that home is where their hearts are.



100

after sustaining a broken ankle

The Associated Press

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